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WORLD NEWS

Policeman cleared over boy's death

PC Brian Chester was cleared in Stafford Crown Court yesterday of the manslaughter of five-year-old John Shorthouse.

The boy was shot in the heart from a range of nine inches as he lay in bed during a police raid on his parents' Birmingham house in August. The defence said the shooting was accidental.

PC Chester remains suspended from the force and may face police disciplinary action over the shooting.

Mediator for Rome

Italy's President Cossiga appointed former Premier Amintore Fanfani to negotiate between Socialists and Christian Democrats, as the government crisis worsened.

Israeli 'spy trial'

An Israeli military intelligence officer is reported to be on trial for spying for Syria, a case likely to embarrass the Government. Page 2

Death warrants signed

Malaysian authorities signed death warrants for two Australian drug smugglers—one, Kevin Barlow, British-born—while appeals were still being heard.

Dublin plea on marches

The Irish Government is to press Britain to protect the lives and property of Roman Catholics in Northern Ireland during the Protestant marching season beginning soon. Page 4

Royals 'not IRA targets'

The IRA will not attack members of the Royal Family, a spokesman told Dublin's Magill magazine.

Government tax claim

Postponing the privatisation of water authorities has not reduced the scope for cutting income tax in the next budget, the Government insisted. Page 3

Ten die in Punjab

Ten people died in violence in Punjab, north-west India. A car-load of Sikhs drove around Amritsar, shooting dead six people before being stopped in a police gun-battle.

Iraq claims victory

Iraq said its forces crushed a big Iranian attack, causing thousands of casualties in the Mehran area of the south-centred Gulf war front.

Prison officers walk out

Fifty women prison officers at Risley remand centre, Warrington, walked out in dispute over staffing levels.

Second degree at 14

Ruth Lawrence, 14, has won a first-class degree in physics at Oxford, a year after receiving another in mathematics.

Anti-smoking campaign

The Government is to mount a campaign to deter people under 16 from smoking, the Commons was told.

Censors move in

Censors moved into Kuwait newspaper offices after the Emir acted to suspend the country's democratic process. Page 2

India fight back

India were 182 for three (Amarnath 59 no) after the second day of the third test at Edgbaston, replying to England's 390 (Gatting 183 no).

Becker v. Lendl

Boris Becker (West Germany) beat Henri Leconte (France) 6—2, 6—4, 6—7, 6—3 and Ivan Lendl (Czech) beat Slobodan Zivojinovic (Yugo) 6—2, 6—7, 6—3, 6—7, 6—4 at Wimbledon; they will meet in the men's singles final.

Constructive guilt

A villager in Selokajang, East Java, was fined 4,000 bricks for committing adultery, and his bicycle was confiscated so he would not repeat the offence in other villages.

BUSINESS SUMMARY

Lloyds' bid extension considered

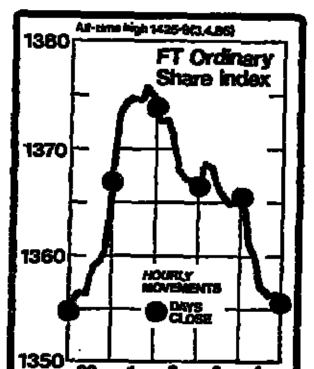
TAKEOVER PANEL is to meet on Monday to decide whether to extend the August 2 deadline for Lloyds Bank's £1.3bn bid for Standard Chartered Bank.

Schroders, Standard's merchant bank, had complained that Lloyds' inability to meet the date, caused by delays in obtaining clearance from US authorities to buy California subsidiary Union Bank, had created a false market in Standard's shares. Back Page

PRIVATE banks and governments need to increase lending to developing countries if the slowdown in Third World economic growth is to be reversed, said Jacques de Larosière, IMF managing director. Back Page

TV-AM, breakfast television station, is to join the Unlisted Securities Market on Tuesday in an offer for sale which will value the company at more than £40m. Back Page

FT ORDINARY share index ended the day 9.2 down at 1356.5 after leading shares eased on a combination of light



selling and profit-taking. The index was 2.1 higher over the week. Stock Exchange, Page 11

SWEDEN: Plans to restructure the pharmaceuticals and biotechnology industry which collapsed over the revelation that Refaat el-Sayeed, majority shareholder of Fermenta, one of the biggest companies, had faked academic credentials have been revived without Fermenta's involvement. Back Page

DEFENCE Ministry will be "both fair and tough" in getting the best value from the £8bn a year it spends on British equipment, Defence Secretary George Younger said. Page 3

CHINA has allowed the issue and discounting of commercial paper for the first time since the Communist revolution in 1949 in an attempt to bail out enterprises threatened by a credit squeeze. Page 2

BL, UK state-owned car maker's share of the domestic market fell to 16.57 per cent in the first half of the year compared with 18.04 last year and sales dropped to 159,821 from 170,262. Page 3

VOLKSWAGEN, West German motor group, said first-half deliveries by volume had surged and announced plans for a series of large capital-raising exercises. Page 9

AUSTRALIAN Government attempted to calm the dollar market by insisting it would push through tough policies in order to stem the country's external deficit. Page 2; Money markets, Page 9

COCOA: Return of Ivory Coast, world's largest producer, to negotiations has failed to lift the pessimistic mood about prospects for an international price accord at talks starting in Geneva on Monday. Page II

SINGAPORE: Directors of City Securities, troubled broking house, began efforts to rescue the firm after a court appointed a provisional liquidator. Page 9

NORTH SEA: Owners of supply ships agreed to reduced cost-saving measures in a deal with the seaman's union ending a strike involving 30 vessels which began on Thursday. Page 4

US MARKETS were closed yesterday for the Independence Day holiday.

Americans revel in their 'party of the century'

BY WILLIAM HALL IN NEW YORK

PRESIDENT and Mrs Reagan are staying on the Rockefeller estate and Lee Iacocca, Chrysler's larger-than-life chairman, has found a room at the Waldorf-Astoria, but millions of other Americans who poured into New York this weekend to celebrate the Statue of Liberty's 100th birthday will have to pitch tents or go without sleep.

New York's mayor, Ed Koch, who is in danger of being outshone by dozens of stars who have descended on his city, said last week that the Statue of Liberty celebrations were going to be "the party of the century." He had "invited the whole world." Judging by the number of native New Yorkers leaving the city on Thursday, his threat was taken seriously.

Up to 10m spectators were expected to turn up for the four-day, "Liberty Weekend" celebrations which rank as a mega-event even by American standards. They include the biggest fireworks display in US history, the greatest gathering of coast guard and auxiliary vessels since the Second World War, the biggest security mobilisation in New York's history and the biggest street fair Manhattan has seen.

Marshalling the supplies and the performers for Miss Liberty's birthday bash has been daunting and has strained the extraordinary talents of Mr David Wolper, the Hollywood producer who was hired to ensure that the more than 1bn people around the world who were expected to tune into the opening ceremonies got their money's worth.

Four hundred and fifty miles of hot dogs, 21 naval vessels from 13 countries, 7m cans of soda, 10 tonnes of fireworks, 400 portable toilets, 200 dancing Elvis Presley lookalikes, 40,000 small craft and 22 tall ships, dignitaries ranging from President François Mitterrand of France to Elizabeth Taylor and Henry Kissinger. All have a part to play in what Mr Wolper hopes will be remembered as a "glorious page in the history of our country."

On Thursday, President Reagan opened the four-day extravaganza by triggering a series of laser beams which lit up the refurbished statue. Yesterday he reviewed the tall ships parading down the Hudson River from the battleship Iowa. Today and tomorrow the party goes on, culminating in a closing ceremony at the New York Giants' stadium which will feature more stars than there are in heaven, to borrow an old Hollywood phrase.

The sponsors stress that the cost of this razzmatazz is not coming out of the $277m (£147m) Mr Iacocca, chair-

Continued on Back Page

Lower mortgage rate fuels life cover boom

BY ERIC SHORT

LEADING life assurance companies are enjoying an unprecedented boom in mortgage-related life business, thanks to the buoyant mortgage market and falling interest rates.

The four top companies involved—Standard Life Assurance, Scottish Amicable Life Assurance Society, Norwich Union and Friends' Provident Life Office—have seen their business double, on average, in the first six months of this year, compared with January-June 1985.

As a result, the companies have been recruiting extra staff, including temporary workers, and introducing overtime and weekend working. But problems remain in handling applications, although computers have been bearing the brunt of the extra work.

The increase in staff follows several years of declining numbers through computerisation.

House-buyers usually have to choose to meet their mortgage obligations, either by the repayment method, under which the amount borrowed and interest on the balance are repaid during the contracted period, or by the endowment method, under which only interest payments are made during the contracted period and the loan is paid off at the end of the period from the proceeds of a life policy at maturity.

Until this year, endowment mortgages cost more than repayment ones, though borrowers benefited from the tax-free lump sum available at the end of the period.

Building societies in general have now abolished the higher interest rates charged on endowment mortgages. Combined with the general fall in interest rates, this has made these competitive in cost, compared with repayment mortgages. The additional lump-sum benefit has become the decisive factor that makes borrowers opt for endowment mortgages.

Building societies, which receive commission from the life companies, have been carrying out mail campaigns to existing borrowers with repayment mortgages, to offer them the opportunity to switch to endowment. Many are doing so.

Also, more and more new borrowers are taking endowment mortgages. Halifax Building Society, Britain's largest, says 70 per cent of new borrowers are taking them. At Abbey National Building Society, the proportion is a shade less than 60 per cent. A year ago, it was little more than 50 per cent.

Continued on Back Page

S. African mines closed by strike

BY ANTHONY ROBINSON IN JOHANNESBURG

FOUR South African diamond mines owned by De Beers were closed yesterday when 2,000 black workers went on strike. The strike follows a decision this week by the National Union of Mineworkers to embark on selective industrial action in protest at the detention of union leaders.

At the Free State Consolidated gold mine, which is owned by Anglo American Corporation of South Africa and is the world's largest, about 8,000 black miners continued a go-slow that began on Thursday.

In a suburb of Pretoria 20 people were injured when a bomb exploded outside a supermarket.

Meanwhile, Mr Pik Botha, the Foreign Minister, called on the nation to close ranks in the face of foreign threats. He said South Africa "had the choice of sub-Africa "had the choice of submitting to International demands or accepting economic punishment."

Mr Botha told a National Party rally in Witbank, east of Johannesburg: "More punishments are coming. Don't let it make you afraid. The quicker it comes the better, because we will show the world we will not be made soft."

Witbank, a coal mining town, is at the centre of chrome and other strategic metal smelting operations.

Mr Botha warned that South Africa would have to pay a heavy price for sanctions and other punitive measures but said the government was sure that most people in South Africa did not want to capitulate to foreign pressure.

Mr Ray Swart, the white opposition Progressive Federal Party spokesman for foreign affairs, said he was appalled at Mr Botha's "arrogance."

"He is inviting sanctions as if he had some kind of death wish. He sounds like a latter-day Ian Smith (former Rhodesian prime minister). This is the sort of thing the Rhodesian government used to tell the world."

He said the government had taken a conscious decision to go into a siege economy. Mr Botha appeared to be hastening this with provocative statements.

Sir Geoffrey Howe, the Foreign Secretary, is due next week in South Africa where he will submit the views of the European Economic Community. Together with the US and other governments, EEC members have urged South Africa to negotiate with black leaders rather than to retreat into its "laager."

NUM officials said yesterday De Beers management had asked the police to release detained union officials. De Beers said Mr Julian Ogilvie Thompson, its chairman, had sent a telegram to Mr Louis le Grange, Minister for Law and Order.

This said the company was about to enter the critical period of negotiatiaons for mid-year wage awards and "the detention of trade union officials is making it virtually impossible for their unions to function and play their key role."

The NUM this week rejected the final offer of 15 per cent to 20 per cent made by the Chamber of Mines for over 500,000 black miners on coal and gold mines. It instituted the disputes procedure which could lead to a legal strike in the next two months. Industrial action to prompt the release of the detained union leaders is separate from the wage dispute.

Philip Bassett writes: In London yesterday the TUC welcomed the fact that the two prominent black trade unionists who this week called on Britain to impose economic sanctions had not so far been arrested following their return to South Africa.

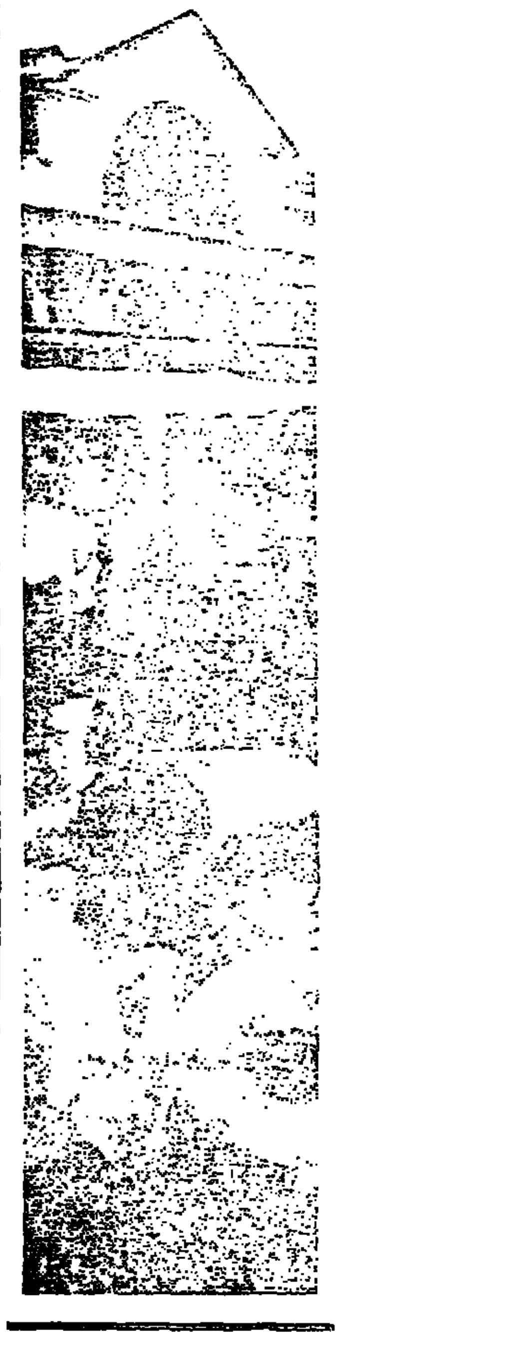
Lords' debate, Page 3
Leutwiler moves to calm storm, Page 2

WEEKEND FT

COVENT GARDEN

Eliza Doolittle would be amazed. The transformation of Covent Garden has been a success: for the stall holders who exhibit their crafts, for shoppers seeking something special, and for the GLC which oversaw its development. Now decisions must be made about the future.

Our special report focuses on property (Pages XII, XIII), the community (XV), the Royal Opera House (XV) and the shops (XVI, XVII).



Unilever to axe 1,920 jobs at Wall's factories

BY CHRISTOPHER PARKES

UNILEVER, the Anglo-Dutch consumer products group, is to spend £25m updating its British meat processing business. Three factories run by its Mattessons Wall's subsidiary are to be closed by the end of 1988 with the loss of 1,920 jobs.

Meanwhile, fresh capacity will be built on a new site in the south Midlands. This operation, and the introduction of two distribution centres, are expected to employ about 1,100.

About 1,000 jobs will go at the sausage and pie works in Southall, west London, 300 at the salads and cooked and sliced meats factory in Chippenham, Glos, and a further 550 at Dyce, Scotland, where bacon, sausages and pies are produced.

The company will also close, by the end of this year, its last UK slaughtering operations in Godley, Cheshire, at a cost of 70 jobs. However, processing at Godley will continue, using bought-in meat.

Unilever's other factories at West Ham, east London, Durham and Evesham, Worcs, will also stay open, although their product ranges will be changed. Ham production, for example, will be concentrated in Durham and West Ham, and all sliced meat output will shift to the new plant.

Mr Wim Kok, the Dutch chairman of Mattessons Wall's, said the rationalisation was the natural sequel to moves in January when Mattessons and Wall's were merged and their head office and sales departments were integrated.

He said: "Our configuration is out of date. The old factories were set up when there were no motorways and little refrigeration. They had to be close to the point of sale and so there had to be lots of factories."

The two new distribution centres—one near the new south Midlands factory and near Manchester—will deal with shipments now handled at six sites.

Concentration of retailing power in the hands of a small number of large chains with ever-larger stores had also played an important role in the decision to restructure.

Unilever's move follows a pattern set by other leading manufacturers of mass-market foods. Last year, British Bakeries, a subsidiary of Ranks Hovis McDougall, completed a rationalisation programme which involved closing 30 bakeries.

The group is now left with nine very large factories running in a line down the backbone of Britain from Glasgow to Crawley, Sussex, and a sprinkling of satellite plants serving local and speciality markets.

Fund sponsors curtail backing for Business Expansion Scheme

BY ALICE RAWSTHORN

TWO OF the biggest sponsors of the Government's Business Expansion Scheme have decided to curtail their activities in business expansion funds, which assemble investment portfolies of companies financed by the scheme.

Electra, the venture capital concern, and County, the merchant banking arm of National Westminster Bank, have opted not to sponsor further funds.

The BES has been controversial since it was launched three years ago. The Government conceived it as a means of stimulating individual investment in young, entrepreneurial companies through offers of generous tax incentives to investors.

Individual investors, however have tended to regard it as a tax ploy rather than as an investment vehicle, while some less scrupulous sponsors have used it as a source of quick profit.

Electra became one of the most active sponsors of business expansion funds. In the last four years it raised more than £20m to invest in 50 companies through the funds, the first of which was launched under the aegis of the business start-up scheme

Electra has decided not to launch what would have been its fifth scheme for the current tax year, although it will continue to manage the four established funds.

County generated £6.4m in the last three years for investment in 20 companies through three funds administered by its County Business Expansion Funds subsidiary.

Mr Richard Bowes, County's principal fund executive, said: "We found that administering the funds absorbed a great deal of effort for very little reward.

"We also found that there was a great deal of competition among sponsors for the very good companies and that, after three years of the scheme, investor interest is waning."

When the BES was introduced, funds absorbed a high proportion of the capital invested. As it has matured, however, investors have turned towards subscription to direct issues.

Funds raised £31.3m in 1985, compared with £34.5m in 1984. This trend has already prompted several smaller sponsors to consider withdrawal from funds.

MARKETS

DOLLAR

London: DM 2.1755 (2.1735)
FFr 6.9475 (6.95)
SwFr 1.765 (1.767)
Y160.5 (161.35)
Tokyo close Y160.9
US markets closed for Independence Day.

STERLING

London: $1.537 (1.546)
DM 3.345 (3.36)
SwFr 2.7125 (2.7325)
FFr 10.6775 (10.745)
Y246.75 (249.5)

GOLD

London: $344 (same)

LONDON MONEY

3-month interbank closing rate 9 11/16% (same)

NORTH SEA OIL

Brent 15-day July $10 ($10.15)

STOCK INDICES

FT Ord 1356.5 (−9.2)
FT-A All Share 816.09 (−0.3%)
FT-SE 100 1649.4 (−6.8)
FT-A long gilt yield index:
High coupon 9.16 (9.27)
Tokyo:
Nikkei 17,597.73 (−94.07)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden

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Leutwiler moves to calm storm over resignation statement

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DR FRITZ LEUTWILER, the former Swiss central banker, moved yesterday to calm the storm created by an announcement made by his spokesman in Switzerland on Thursday that he had resigned his role as independent mediator between South Africa and its creditor banks.

He said he "was totally unaware and did not approve" the resignation statement issued by his spokesman, Mr Erich Heini. Mr Heini is a former spokesman of the Swiss National Bank who has had a close association with Dr Leutwiler over many years. Yesterday he said the resignation statement was based on a misunderstanding.

In his clarification, Dr Leutwiler said he had successfully completed his task as mediator with the conclusion of an interim agreement to defer repayment of some $10bn in short-term South African debt till June next year. He was therefore playing no active role in the country's affairs, but would consider resuming his involvement if asked at some future date by South Africa and its creditor banks.

The resignation announcement on Thursday came as a considerable shock to the Government in Pretoria because the purported reason was Dr Leutwiler's disappointment over the nationwide state of emergency declared three weeks ago.

The resignation announcement and its quick retraction have none the less left creditor banks in a state of considerable confusion over the position of the former central banker who is now chairman of the Brown Boveri engineering concern, but bankers said yesterday that in the light of the fresh controversy it seemed unlikely that Dr Leutwiler would actively resume his mediator's role in future.

Anthony Robinson adds from Johannesburg: South Africa's financial markets seemed to shrug off the confused reports of the resignation of Dr Leutwiler yesterday. The rand drifted down from a steady opening level of 39.75 US cents to close slightly lower at 39.20 cents. Gold Shares on the Johannesburg Stock Exchange also displayed indifference, closing narrowly mixed with a slightly weaker tone in the market.

China allows issue of commercial paper

BY ROBERT THOMSON IN PEKING

CHINA HAS allowed the issue and discounting of commercial paper for the first time since the Communist Revolution in 1949 in an attempt to bail out enterprises threatened by a tough credit squeeze.

In a reform forced by the Government's credit crackdown, the People's Bank of China, the central bank, has allowed bank branches in 10 cities to handle commercial paper. However, only "healthy companies with marketable products" will be allowed to sign commercial paper, according to the official Business Weekly.

The experiment comes as the Government is testing bankruptcy provisions in five cities that could have been required for many companies unless the Government introduced the commercial paper reform.

Problems have arisen forcing the Government to contemplate further reforms, in an attempt to stop the earlier ones unravelling. Experiments in share issues and increased power for provincial banks are also under way.

But the Government has miscalculated the consequences of policy changes. For example, the country's largest producer of motor vehicles, the No 1 Automotive Company, has Yuan 340m (£85m) worth of trucks stockpiled in warehouses, and has been forced to sell on credit. The company's suppliers, accustomed to cash payment, have been affected by the chain reaction.

Late last year, the Government squeezed credit, after loan volume rose 20 per cent higher than planned. The credit grip was further tightened this year.

As well as allowing the issuing of commercial paper, the People's Bank recently provided yuan 5bn as a special loan facility to ease the credit squeeze that has, as Business Weekly admits, "interrupted production in many Places."

Banking officials estimate the monetary system lacks about yuan 25bn in working capital. According to the paper, working capital accounted for 29 per cent of the country's assets in 1981, but fell to below 16 per cent last year.

Even with the tough credit restrictions in the latter part of 1985, capital investment by state-owned enterprises rose 42.8 per cent for the year. However, many enterprises have now found themselves stranded with new facilities but no working capital.

A People's Bank spokesman said the central bank was surprised by the sudden effects of the credit squeeze, and apparently did not correctly forecast the scope of its consequences.

Japanese elections —Now! This Action!

By Jurek Martin in Tokyo

EVEN THE Japanese pundits, rarely at a loss for words, seem to have concluded that the general election campaign which ends tomorrow has been singularly devoid of issues.

So there has been a fair amount of collective scrabbling around for sidelights and other illuminations on the ways Japan practises democracy.

What is noticeable this time is that the English language has become an important campaigning tool. Candidates do not actually speak in English, which would be presumptuous, possibly dangerous to their chances and certainly incomprehensible, but they are very much into English slogans.

This, inevitably, has been borrowed from the world of advertising, whose mottos, such as "let's drain refreshing sweat together" (for a yuppie clothes shop) and "for beautiful human life" (a cosmetics company) long ago entered the everyday Japanese vocabulary.

For those who live in the middle of Tokyo, the first and most visible sign of this trend was to be found in the poster advertising Mr Yuji Ohtsuka, an LDP candidate.

Cosmopolitan

Perhaps sensing that his constituency was unusually cosmopolitan, even though none of the foreigners living therein could vote, he put out the slogan, in big bold letters, "Yuji Ohtsuka, Now, This Action."

Mr Ohtsuka has not said what action he is contemplating, nor whether now means today, tomorrow or the year after next. But that is not the point, which is that the words sound good and have a pleasant confident feel to them.

Not to be outdone, the Japan Socialist Party, which has finished second in elections for the past generation and a half, obviously took a look at some (very) old car rental advertisements and came up with the truly lovely "We Try, Number One." And this, mark you, is one of their main election slogans.

To be fair, the Socialists were pioneers in their use of English in the previous election of 1983. It then rechristened itself the "New Socialist Party," which would not seem unusual or unreasonable except for the fact that while the Japanese word, *shakaito*, is used for the word party, "new," in English, is used rather than the Japanese word *shin*.

This recourse to the pleasant sounding delights of English is perhaps not so surprising, given the other constraints on candidates getting their views and personalities across.

Hours of TV this week have been devoted to political speeches. But these are not slick commercials, merely slots in which each protagonist gets to sit behind a plain desk, with a simple card bearing name, rank and serial number, and five bare minutes in which to pontificate. It has all the surface charm of a police line-up.

Compulsive

However, it has been rendered compulsively funny by the fact that though every Japanese will grab a microphone at the drop of a hat, most are totally unfamiliar with contemporary television devices such as the autocue.

Revolving eyeballs, pregnant pauses and, sometimes, gestures of pure desperation beat samurai soaps any day.

Beyond that, the only thing to be said about the standard permitted *modus operandi* of the Japanese stump is that it is drab and noisy.

It is, for example, almost completely unalleviated by the presence of women, dutiful family members apart, because the only major party which takes women seriously and runs them as candidates are the Communists. Of 320 LDP official candidates for the Lower House, not one is female.

What it does feature, therefore, is the invariable, inviolable uniform of dark suits, white gloves and vast rosettes (like prize heifers), which must be worn regardless of whether campaigning is outside a factory gate or on the beaches of Okinawa.

And sound trucks! Two mega-decibel units parked outside the front door appear to be engaged in an audio duel to the death for the vote of a foreigner, who would be thrown in jail if he tried to cast a preference!

Syria sends troops into Beirut again

Syrian troops were reported to have been deployed in the Lebanese capital, Beirut, yesterday for the first time in four years, writes our Middle East staff. They were seen manning check points in west Beirut as part of a new security plan aimed at reducing the influence of local militias.

Syria is estimated to have about 25,000 troops in eastern and northern Lebanon but its recent presence in Beirut has been limited to observers and members of its intelligence services.

32 killed in Nicaragua

An anti-tank mine laid by US-backed rebels killed 32 people in a civilian truck in north east Nicaragua, Reuter reports from Managua. The Defence Ministry said 12 children and 12 women were among those killed in the blast about 90 miles north east of Managua.

Walk-out in Harare

Former US President Mr Jimmy Carter led a walkout from a US Independence Day reception in the Zimbabwe capital, Harare, in protest at a bitter attack on US foreign policy by Mr Witness Mangwende, Zimbabwe's Foreign Minister, writes Tony Hawkins in Harare.

Turks bar crossings

The Turkish-Cypriot authorities closed all crossings to the Greek side of the island yesterday after the end of an official visit to north Cyprus by Mr Turgut Ozal, the Turkish Prime Minister, Reuter reports from Nicosia. The Greek side had earlier barred crossings in protest against the visit.

Cayman signs treaty

The US, Britain and the Cayman Islands signed a mutual legal assistance treaty on Thursday to stop the British Caribbean colony from becoming a haven for drug traffic and illicit money dealings. AP reports from London.

Philippines ambush

A constabulary major and six of his men were killed in an ambush by about 50 communists rebels in the northern Philippines, reports Reuter from Manila. The ambush was the latest in a series of attacks this week which the military maintains are part of a New People's Army propaganda war before ceasefire talks with the Government.

Pravda assails officials

The Soviet Communist Party has strongly criticised local officials in the city of Nizhnevartovsk a key part of the oil province of west Siberia for failing to raise oil production Patrick Cockburn writes.

Hawke in bid to calm Australian $ market

BY EMILIA TAGAZA IN CANBERRA

IN AN attempt to calm the Australian dollar market, the Prime Minister, Mr Bob Hawke, and the Federal Treasurer, Mr Paul Keating, yesterday gave an assurance that the Government will push through its vaunted tough policies in order to stem the external deficit.

Mr Hawke said the Cabinet was currently preparing a very tough 1986-87 budget and asked the markets to wait before making further negative judgments on the currency.

"We're working hard to come up with a responsible budget and the market just has to have the good sense to understand that" he added.

Earlier this week, the Cabinet decided to cut the 1986-87 budget by A$1bn (£625m) in addition to the A$1bn cut announced last month. The target 1986-87 deficit is around A$5bn.

The Australian dollar's plunge last Thursday to a record low of 62.4 US cents was precipitated by the growing industrial unrest over unions' productivity pay claims in the form of a superannuation fund, and the Government's decision to remove the exemption from interest withholding tax of most Australian foreign borrowings.

It was also sparked by some evidence of Japanese and US sales of Australian bonds, and rumours of Mr Keating's resignation.

Mr Keating also came to the Australian dollar's defence yesterday and called on currency markets to focus on the fundamental changes being made to the economy.

"The Government is cutting spending, keeping interest rates up, and is arguing for further wage discounting to adjust the economy to its trade problems," he declared.

Market analysts said Mr Hawke's and Mr Keating's assurances had partly helped to settle the markets yesterday, with the Australian dollar closing at 64.5 US cents.

But one currency dealer said that until the market actually saw the contents of the budget, the big determining factor for the dollar's performance would be the reaction of foreign investors.

"Domestic dealers might have total confidence in the Australian Government's economic policies, but if foreign investors decided to quit their positions in Australian dollars, then it is practically impossible to go against the trend," he said.

Israeli officer 'on trial as spy for Damascus'

BY ANDREW WHITLEY IN TEL AVIV

AN ISRAELI military intelligence officer is reported to be on trial in the northern city of Haifa on charges of spying for Syria, Israel's most implacable enemy. The case could turn out to be the most sensational of its kind for years.

A spokesman for the Israeli Defence Forces yesterday refused to comment on the reports, saying he was prohibited by a court order from making any statements.

According to Yisrael Shelanu, the New York Hebrew language newspaper which first broke the news, the officer involved was arrested on the basis of information obtained from a Syrian-backed guerrilla group captured in southern Lebanon. The guerrillas said they heard about the Israeli double agent from Syrian intelligence officers responsible for their own training.

Ha'aretz, the leading Hebrew daily, yesterday reproduced the *Yisrael Shelanu account, thus side-stepping the blanket of secrecy thrown over a case which is likely to have far-reaching ramifications.*

Counter-intelligence officers will be extremely anxious to know the extent to which Israeli military secrets have been betrayed to Damascus. No official statement on the case is likely until this has been ascertained.

So far none of Israel's usually vocal politicians has commented on the arrest or trial. But, coming hard on the heels of the Pollard spy trial in the US and the running scandal over the Shin Bet, the internal security service, the Government is bound to be seriously discomfited.

According to the published information, the man on trial, who has not been named, holds the rank of a major in military intelligence. His trial before a civilian court is said to be at an advanced stage.

Call to speed sanctions

BY CANUTE JAMES IN GEORGETOWN, GUYANA

THE Caribbean Economic Community (Caricom) has said *economic sanctions against South Africa cannot be postponed further if a "conflagration" is to be avoided there, and that to defer sanctions "is to further sustain apartheid."*

Community heads of government, at their annual meeting here, said in a statement that members of the organisation would simultaneously inform the leaders of the European Economic Community and the US of their views on the likely *consequences of further delays in imposing mandatory sanctions.*

The community made up of 13 Commonwealth Caribbean countries, said that if the Commonwealth review meeting in London on August 3 failed to agree on sanctions, the Caricom states would call for an emergency meeting of Commonwealth heads of government to discuss South Africa.

The heads of government were reported to have been unenthusiastic over a suggestion that the community should follow the lead of President Kenneth Kaunda of Zambia and threaten to leave the Commonwealth unless Britain agreed to *sanctions.*

Kuwait begins to censor news after Emir's decree

BY KATHY EVANS IN DUBAI

CENSORS FROM Kuwait's Ministry of Information moved into the offices of the country's newspapers yesterday after the Emir, Sheikh Jaber al Ahmed al Sabah, had decided to suspend the democratic process.

Reaction from Kuwaitis was *generally muted. Some clearly supported the move, arguing that the state needed a strong government to cope with its serious economic and security problems.*

Other Kuwaitis were resentful of the curbs on free speech and debate as represented by parliament and a relatively free press. The proceedings of parliament had been well attended and formed part of a treasured tradition unique *among the monarchies of the* Gulf.

There was speculation that Sheikh Saad al Abdullah, Crown Prince and Prime Minister, might bring back Sheikh Salman, the discredited Justice Minister, who was forced to resign last year after accusations in parliament that he had abused his office. Gulf newspapers reported yesterday that the Prime Minister had re-called Sheikh Salman from London.

There was also speculation that Kuwait may now decide to sign the Gulf security pact to which parliament had long been opposed.

Kuwaitis were reluctant to discuss the situation over the telephone, but sources outside the country suggested that the opposition movements, which existed legally within parlia*ment, may now be forced to go* underground.

Speak with one voice, EEC told

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

PRESIDENT Richard von Weizsaecker of West Germany said yesterday that Britain would play a leading role in strengthening Europe's international profile during the UK's six-month presidency of the EEC which started at the beginning of July.

A strengthening of European unity has been a constant theme of President Weizsaecker's state visit to Britain, which ended yesterday amid mutual congratulation at the friendliness of the atmosphere in which it took place.

At his final press conference, the President stressed that a stronger European profile would help improve relations not only within the Atlantic Alliance but between East and West.

If Europe spoke with one voice, it would become a more reliable partner of the US within the Atlantic Alliance and carry greater weight in the West's relations with the Eastern European bloc.

Herr von Weizsaecker said his call for greater European external profile had met with a positive response from the British political leaders he had met, including Mrs Margaret Thatcher, the Prime Minister, and Mr Neil Kinnock, leader of the Labour opposition.

He was unrepentant about his strictures of the EEC's common agricultural policy, which he expressed during his speech to the two Houses of the British Parliament on Wednesday.

This was by no means the first occasion he had criticised the Common Agricultural Policy for absorbing too much of the Community's budget and undermining exports of third world countries, he said.

To those who expressed surprise that a Head of State appeared to be taking a much more radical view on such an important issue than his own government, Herr von Weizsaecker said he was not interfering in the daily government of his country.

But it was the proper constitutional role of a President to draw people's attention to long-term problems.

Belgian group to appeal over EEC fine

By Tim Dickson in Brussels

SOLVAY, the Belgian chemicals group, announced yesterday that it plans to appeal against the Ecu 2.5m (£1.6m) fine imposed by the European Commission earlier this year for allegedly operating a cartel in the polypropylene market.

All the main European chemical producers are involved in the case which resulted in fines of Ecu 11m and Ecu 10m for Montepolimeri of the Montedison group and ICI respectively and Ecu 9m for Hoechst and Shell International Chemical. Smaller fines were imposed on 11 other companies.

Solvay is believed to be the first company to make its intentions unambiguously clear. At the time of the decision in April, Montedison and Hoechst said they were likely to appeal; Shell and ICI both said yesterday that they are still considering their position.

Solvay's statement yesterday said its appeal "will be based, in particular, upon the unreasonable level of the fine considering the actual circumstances of the case

A Solvay spokesman emphasised that the company rejects all the Commission's allegations. Solvay has until August 6 to lodge its appeal with the European Court in Luxembourg.

Jaruzelski sets amnesty rules

BY CHRISTOPHER BOBINSKI IN WARSAW

GEN WOJCIECH JARUZELSKI, the Polish leader, yesterday said the Government would review the case of each political prisoner to determine which could be released. He stressed that the amnesty for political prisoners the authorities are planning for this month would not be allowed to serve any "destructive purpose."

His statement was made at a press conference followed this week's party congress which re-elected the General as party leader. The authorities will be *looking for guarantees of good behaviour from detainees and it is thus unlikely that the* amnesty would cover all of the *300 or so prisoners.*

Gen Jaruzelski did hold out the hope of the widest possible application of the amnesty. He said it would be a chance for all those who want loyally to *avail themselves of a return to* normal life.

While the press conference produced little that was new, it was the first time the general has faced such a large gathering of foreign and domestic press with no questions barred. This points to a renewed confi*dence on the part of the Polish* leader.

He repeated yesterday that he was committed to a major *shift to economic reforms.* On other issues he stressed the *need for constructive relations* with the Catholic church but did not hide differences between the two sides. He did not rule out a trip to Poland by the Pope, next year.

Pinochet scorns protest

BY OUR FOREIGN STAFF

THE CHILEAN opposition was yesterday assessing the impact of the two-day protest stoppage which ended on Thursday with seven people shot dead, another 36 wounded and at least 600 arrests by the security forces.

While the Chilean leader, Gen Augusto Pinochet, shrugged off the protest, the Civic Assembly, the loose opposition grouping that organised the protest, claimed it was one of the most significant demonstrations of popular discontent in the dictatorship's 13-year existence.

The stoppage disrupted transport and commerce, but appeared to make little impact on industry, banks or government offices.

US illegal immigrant stream turns into a torrent

Philip Stevens looks at one influx Americans will not be celebrating this weekend

THE IRONY of this weekend's Liberty celebrations in New York Harbour will probably escape the thousands of people gathering in Tijuana at the western edge of Mexico's border with the US.

As President Ronald Reagan leads the festivities marking the statue's 100th year of welcoming the "huddled masses" fleeing poverty or persecution in other parts of the world, these would-be immigrants will be concentrating their energies on an illegal dash into California.

Each day, about 1,800 of *them—mostly Mexican but including some from troubled nations in central and Latin* America—will be caught by *US border patrol agents cover*ing a desolate 66-mile stretch of mountains scrubland running east from the Pacific coast. At least that number again will make it across undetected.

The lucky ones, if they could ever be called that, will head for Los Angeles and the vast farmlands to the north, taking low-paid jobs harvesting fruit and vegetables, working in textile "sweat shops," or in car parks, hotels and restaurants.

Those who are caught will usually be held for eight hours before being sent back across the border, where the chances are they will immediately launch another attempt.

As Mexico lurches further into economic crisis, the long-established stream of these "illegals" into America's Golden State is turning into a torrent. This year the border patrol estimates that it will arrest one person every 35 seconds, while up to twice that number will evade capture.

At the border post of San Ysidro, a scrappy town directly facing Tijuana, the flimsy fence marking the line between the two countries is riddled with *holes.* With evening approaching, hundreds of people, mostly young men, can be seen gathering on the Mexican side for a nightly game of cat-and-mouse with the US immigration service.

There is no doubt who is winning. "The border is out of control," says Mr Ed Pyeatt, a border control supervisor in one of the busiest areas, as he points to the winding trails cut into the sun-parched hills and canyons by the feet of literally hundreds of thousands would-be immigrants.

Many will stay in the US for just a few weeks or months, taking advantage of seasonal work to earn desperately-needed cash to take home to their families. Others will seek to become permanent residents, perhaps joining relatives and friends who have secured citizenship or much-prized "green cards" giving permission to work.

Captured illegal immigrants wait to be returned over the border to Mexico.

The latest US census—in 1980—counted over 500,000 Mexicans with residency permits, 250,000 naturalised Mexican immigrants, and 500,000 illegal aliens from that country in California. The numbers are thought to have risen sharply since then.

The Mexicans, however, represent just one element in a wave of immigration which is rapidly transforming Californian society and has won the Tom Bradley terminal at Los Angeles International Airport the nickname of the Ellis Island of the 1980s.

California is the land of opportunity for an influex of new arrivals from America's west rather than from its east: for South Koreans, Filipinos, Taiwanese and Vietnamese rather than the Polish, Russian and German Jews or the Italians and Irish who landed in New York at the turn of the century.

A few statistics tell the story. The state's foreign-born population doubled beween 1970 and 1980 and 16 per cent of the present 26m residents were born overseas. Different minority ethnic groups represent close to 35 per cent of the total population and by the year 2000, that figure is expected to rise to around 45 per cent.

The resulting kaleidoscope of cultures is at its most vivid in Los Angeles. Here, there are more Koreans than in any city outside Seoul, more Mexicans than any but Mexico City. Little Saigons, China or Koreatowns are sprinkled between the Hispanic barrios in the centre of the city and increasingly among the suburbs of more traditional immigrants from Oklahoma or Nebraska.

The state government estimates that between 200,000 *and 250,00 new immigrants will* settle in California each year *over the decade, perhaps half* of that number representing *political refugees or illegal* aliens.

While most of the immigrants from Mexico, central and Latin America have had little or no schooling and take low-skilled manual work, the arrivals from South-East Asia are usually well-educated and often have sufficient resources to set up in business.

The Asians, a recent report by the Rand Corporation concluded, are better educated than any immigrants in US history so that "their children move into higher education and white-collar jobs one generation faster than Latinos."

The census figures suggest that proportionately twice the number of Asian immigrants graduate from university or college than white Americans, while their median income is significantly above the average.

Typically, many first-generation arrivals have established small businesses in the retail and services sector — shops, *restaurants,* dry cleaners, garages—while their children *quickly move into the profes*sions and industry.

That success frequently sparks significant resentment *among young whites who* appear jealous of the Asians' *academic achievement or in* black areas where the small *businessmen from South Korea* or Vietnam dominate the local *economy.*

It is the rising tide of *Mexicans fleeing poverty, and* refugees from countries such as El Salvador and Guatemala, *however, which has stirred poli*tical controversy and has led to proposals *now before* the US Congress which would make it illegal *for employers to hire* illegal entrants.

Mr Howard Ezell, *the con*troversial commissioner in charge of the Immigration and Naturalisation Service's Western region, *argues that the* borders can only be secured if the sanctions *against employers* remove the economic incentive for illegal entrants.

To meet the labour needs of *employers, he suggests* a "guest-workers" programme which *would allow* closely-regulated and purely temporary access.

Civil rights groups, however, are strongly critical of such proposals, suggesting that the guest-worker scheme would be little different from legalised slavery. The independent report from Rand supports their contention that Mexican immigration has served as a stimulus to, rather than a *drain on,* the Californian economy.

While the Liberty celebrations have reinforced an *idealised* view of America's past immigration, the same criti*cisms—that the immigrants did* not speak English, that they were taking much-needed jobs, or that they were poorly educated—were made against those who landed on Ellis Island

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UK NEWS

BL's first-half car sales show further decline

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE SERIOUS decline of BL's position in the UK new car market was underlined yesterday by figures showing the state-owned group's share in the first half of this year fell to 16.57 per cent from 18.04 per cent in the first six months of 1985. Sales dropped from 170,262 to 159,821.

The news could hardly have come at a more inopportune time for BL, whose new chairman, Mr Graham Day, presides on Monday at its annual meeting while next Thursday the group will launch the top-of-the-range Rover 800 models.

To divert some attention from its rapidly-worsening position in the domestic market—where last month BL's share slumped from 16.02 per cent in June 1985 to 14.88 per cent—Austin Rover, the group's volume car subsidiary, reported that its exports had jumped by nearly 30 per cent so far this year.

This enabled its total sales to move marginally ahead in the first six months from 217,000 to 220,000. Export sales reached more than 62,000 against 48,000 in the January to June period of 1985, according to Austin Rover.

Mr Trevor Taylor, Austin Rover's director of sales and marketing, said: "Obviously we are not happy with sales in our home market. But we are delighted that our product strength is showing through, as evidenced by our continuing growth in continental Europe."

In the hope of boosting sales this month, Austin Rover has started a promotional campaign which enables new Maestro models in effect to be "rented" for as little as £35 a week.

The scheme covers all maintenance during a two-year period and Austin Rover claims it is unique because, unlike others of its type, the customer is not obliged to buy the car at the end of an agreed term.

There is no obvious reason why BL performed so badly in June and was pushed into third place in the manufacturers' league-table by General Motors, the Vauxhall-Opel group. The overall market was buoyant.

However, BL claims that earlier this year its sales were badly damaged by the political debate about the future of some subsidiaries—including Land Rover—and by the revelation that Ford had approached BL about a possible takeover of Austin Rover. These talks were abruptly called off by the Government.

BL hopes that the interest and excitement accompanying next week's launch of the Rover 800 will bring customers back into the Austin Rover showrooms in time for the August peak car-buying period.

According to the Society of Motor Manufacturers and Traders, new car registrations last month improved from 135,708 in June 1985 to 142,696. This took sales in the first half-year to a record 964,706, against 943,636.

Ford had a good month in June with a market share of 29.43 per cent, up from 28.74 per cent and said this was because its UK factories were working so well it had been able to catch up with a backlog of orders. For the year so far, Ford's share is 26.74 per cent against 26.17 per cent.

GM's share in June was 15.89 per cent (down from 16.56 per cent) and in the first half its penetration fell from 17.29 per cent to 16.03 per cent.

Renault truck maker 'nearing break-even'

BY KENNETH GOODING

RENAULT'S truck-making subsidiary in the UK is on course for financial break-even "within two or three years," according to Mr Laurent Brisset, who is leaving Renault Truck Industries (RTI) after five years as chairman and chief executive.

He is succeeded by Mr Francis Cousin, 40, for the past five years chief executive of Renault Vehicules Industriels in Belgium.

During those five years, Mr Brisset, 48, has had one of the most difficult tasks in the UK truck industry as the state-owned Renault group tried to establish itself as a significant force in Britain.

This involved Renault spending at least £60m to buy the UK company and cover its losses since 1981. The latest available accounts—for 1984—show that RTI cut its pre-tax loss from £12.4m to £10.2m.

Mr Brisset, who is to take a senior appointment with Renault in France, was responsible for revitalising RTI, the former Talbot commercial vehicle company which produced small and medium trucks under the Dodge brand, and integrating it to Renault's heavy truck range.

RTI's activities have been regrouped at the Dunstable manufacturing plant, where assembly of the Renault G-range of heavy trucks has started.

Last year, RTI produced 5,022 vehicles at Dunstable — up from 4,770 in 1984. Output included the G-range, introduced in 1983 and the Commando and Dodge 50 vehicles.

Shipments by the end of May this year totalled 1,972, against 1,949 in the equivalent period of 1985. Mr Brisset says RTI, at the end of May, had orders outstanding for 1,388 vehicles, against 1,074 at that stage last year.

Mr Cousin, is a graduate of Hautes Etudes Commerciales in France, and a member of the institute of French actuaries. He joined Renault Véhicules Industriels, the French group's truck and bus subsidiary, as marketing director (export) in 1977 and became its marketing director in 1979.

Scope for income tax cut 'not reduced'

By John Hunt

THE GOVERNMENT yesterday emphasised that the decision to postpone privatisation of the ten regional water authorities has not reduced the scope for Mr Nigel Lawson, the Chancellor, to cut income tax in his next Budget.

The Chancellor has indicated that he would like to reduce the standard rate of income tax from 29p to 25p in the pound. Sale of the authorities could have raised an estimated additional £7bn in revenue.

However, it was pointed out yesterday that the remaining privatisation measures in the Government's programme are expected to increase revenues by £4.75bn a year for each of the next three years and that this was more than enough to cover the cost of tax reductions.

The proposal to privatise water is now said to be in the realm of the next manifesto. A small bill is likely in the next parliamentary session to remove any legal obstacles to the programme.

Yesterday Mr John Biffen, Leader of the House, said the decision of Mr Nicholas Ridley, Environment Secretary, to shelve the water privatisation measure until after the next general election was right and prudent. However, Mr Biffen once again indicated he would like to see increases in public spending given precedence over tax cuts.

The list for privatisation includes British Gas, British Airports Authority, Rolls-Royce and the much-delayed privatisation of British Airways. There are also residual government shareholdings in British Petroleum and British Telecom, to be disposed of eventually.

The Government was also insisting that the postponement of water privatisation did not indicate that a general election was being planned for next year. In spite of these denials there is no doubt postponement does help clear the decks for an election next year should circumstances prove favourable.

Interviewed on BBC Radio, yesterday, in The World At One, Mr Biffen said it was possible that about 30 bills would be included in the Queen's Speech for the next session of parliament in the autumn.

This could include a banking bill, following publication of the banking white paper, although he did not guarantee this would be included in the list of legislation.

He said the proceeds from privatisation could be used in several ways, on increases in public spending or to offset borrowing, as well as on tax cuts.

However, he emphasised that it was simple and misleading to say the receipts should be used for tax cuts. That proposition was a distortion of the problems facing the Treasury. He said a whole media industry was speculating on the date of the next general election, but he thought it was far too early to do so.

Speaking on BBC Radio 4's programme Mr Ridley said the privatisation plan had only been delayed and would be included in the Tory manifesto.

"We will proceed with even greater authority if we come back after the election having secured a majority for the policy," he said.

Richard Evans reports on governmental second thoughts about a flotation

Doubts dam flow of water privatisation

WATER INDUSTRY leaders feel uncomfortably like the loyal officers of the Grand Old Duke of York. But they are not sure whether they are at the top of the hill, marking time, or retreating to the bottom in some disarray.

The proposal to privatise the industry came out of the blue early last year. At first, only Mr Roy Watts, chairman of the Thames Water Authority, was an enthusiastic exponent because of the implied freedom from Government controls.

Virtually all the other chairmen of the 10 water authorities in England and Wales were agnostic, suspicious or downright hostile to the idea. But, as the Government's commitment grew, so did acceptance within the industry. This in turn developed into varying degrees of enthusiasm.

But, having been led to the top of the hill by Mr Kenneth Baker, the former Environment Secretary, his successor, Mr Nicholas Ridley, has given the industry's leaders, without warning or consultation, an abrupt order to stand down. The industry, long used to a low profile and being taken for granted, is in turmoil.

Mr Ridley says that the Government simply needs more time to decide on certain key issues that had to be settled before the bill to authorise the flotations could be fully drafted.

The new Secretary decided there was a significant tide of opinion against many of the Government's proposals, not only from Opposition parties and trade unions, but from parts of the industry, Conservative backbench MPs and from the Lords. The last body was potentially the most dangerous.

The only way the tide could be turned to flow in favour of privatisation, he decided, was to respond to the doubts and fears by having all the answers on the table. This would not have been possible in time to introduce a big, 120-clause Bill, as planned at the start of the next Parliamentary session in November.

Nicholas Ridley, Environment Secretary (left), and Roy Watts, chairman of Thames Water: Plan high and dry.

Among the important issues to be settled, a few weeks before the bill should have been in draft, are:

● Water charges: The formula proposed after privatisation was the retail price index -x, as with British Telecom and British Gas. But, in the case of the wate rauthorities, there would have to be an additional element (+y) to take account of the considerable regional variations, differing capital expenditure needs and the impact of EEC regulations on beaches, water quality, etc.

● Land drainage: The Government proposed to take responsibility for land drainage away from the privatised water companies, and to retain it in the public sector under land drainage committees. The water authorities have objected strongly to what they regard as a fundamental breach of the integrated river-basin system of management, set up successfully in 1974. Negotiations are continuing.

● Regulatory functions: Decisions still have to be taken on the exact role of the director general of water services and the dividing line between that official's responsibilities (largely over charges and consumer protection) and the residual role of the Environment Secretary (largely in environmental matters).

● The environment: Perhaps the most contentious issue of all. How much control should profit-oriented privatised water authorities have over environmental matters, and how much control should be retained by the Government to guarantee protection of the public interest?

cover the cost of tax reductions.

A two-month consultation period, after publication of a Green Paper on the environmental implications of privatisation, ended only a week ago.

● Financial reconstruction: Some water authority balance sheets would need to be restructured because of their heavy debt burden and high capital expenditure needs, to make them more attractive to investors. Others, such as Thames which is virtually free of debt, might have to incur more debt before privatisation.

● Pension liabilities: Negotiations continue on the complexities of transferring pension entitlements and liabilities from the index-linked public sector to the private sector.

All these issues would have needed decision before the final draft of a Bill. There were two other factors causing concern in Whitehall.

There were discussions on the best way to conduct the flotation. The Government had intended to float the authorities off singly. But most authorities were worried that this must mean some would be at the back of the queue and almost certainly not sold before a general election.

So J. Henry Schroder Wagg, the merchant bank representing the Environment Department, and Kleinwort Grieveson, representing seven of the water authorities, and other advisers, have been seeking a formula to satisfy the Government and the industry. This has not proved easy and no decision has been reached on whether to go for single or multiple sales.

Of greater potential concern was the court action by the National and Local Government Officers' Association, a leading trade union in the water industry, against the Thames Water Authority. The claim is that the authority acted beyond its powers by spending money in campaigning for privatisation, before necessary legislation was enacted.

There was a fear in Whitehall that similar court actions later in the privatisation could have been disruptive and damaging.

So all bets are off, although preparations for privatisation are to continue at a lesser pace. Everything hangs on the outcome of the next general election. Only then will water industry leaders know in what direction they will be ordered to march.

Delay leads to relief and uncertainty for Tories

BY PETER RIDDELL, POLITICAL EDITOR

"YOU CAN say senior Tories are pleased with common sense move," a prominent back bencher said yesterday in response to the Government's unexpected announcement on Thursday of the postponement of water privatisation until after the next general election.

The Tories' reaction to the news has been mixed—first embarrassment followed by general relief, and then a degree of uncertainty about the Government's radical commitment.

Initially, there was embarrassment about the dropping of what has been billed as the main privatisation measure in November's Queen's Speech. Yet Labour MPs failed to take full advantage of this in late night exchanges on Thursday, and apart from celebrating their victory, there is little they can say.

Tory MPs argued that what Labour's Dr John Cunningham called "a humiliating climb down" would soon be forgotten. Proposals for radical change produce plenty of opponents and often few supporters, so many people may not regret the postponement.

That is why most Tory MPs were relieved yesterday. Several members have reported receiving many letters opposing privatisation. They were not looking forward to justifying the measures to local amenity, angling and conservation groups in a sensitive, pre-election period.

The Government's business managers were also relieved. The Cabinet's legislative committee had been told to produce a shorter and less complicated programme for the next session than in recent years, to clear the decks for a possible election in late summer 1987.

The Water Bill had threatened to be a 120-clause monster producing lengthy arguments within the Conservative Party as well as with the Opposition.

So there were few objectors when Mr Nicholas Ridley, the Environment Secretary, said he did not think the bill would be ready in time in view of legal and other difficulties.

The general Conservative view has been that it is better to wait than to rush, as Tory free market right. The latter MPs Sir John Page, Mr Spencer Batiste and Mr Edward Leigh emphasised on Thursday.

But as Mr Peter Snape, Labour's Transport spokesman, pointed out, there was a certain irony given the Environment Secretary's reputation as an enthusiastic privatiser, and in Mrs Thatcher's words, "a man who gets things done."

Yet it has been Mr Ridley's reputation as a privatisation advocate that has enabled him to sell the delay to the Tory free market right. The latter do not suspect his motives and are aware that this is plenty already in the pipeline including British Airways, British Airports Authority, British Gas and Rolls-Royce as well as further tranches of British Telecom and BP.

However, some of the free market group associated with last year's pamphlet "No Turning Back" are concerned about this further example of the Government playing safe.

They point to the reform—rather than the abolition—of wages councils; postponement of the relaxation of private rent controls, now being considered for inclusion in the manifesto; the reluctance of successive education secretaries to introduce vouchers for use by parents between schools; and the dropping of a bill on contracting out of local government services.

To the free market critics this caution reflects the influence of the consolidators—key advisers like Lord Whitelaw, Mr John Wakeham, Chief Whip and the Leader of the Commons, Mr John Biffen.

The No Turning Back group has complained to Mrs Thatcher about the influence of these advisers and the promotion of consolidators into the Government's middle ranks in the main social departments.

They may be involved in any future ministerial changes. It was significant that Mr Michael Portillo, from the group, was recently appointed as parliamentary private secretary to Mr John Moore, the Transport Secretary.

To the party leadership postponement of controversial and complicated measures are sensible ahead of an election.

This view holds that it would be self-defeating for a governing party to bring forward divisive bills at such a stage, as the Conservatives found with the bill to end resale price maintenance in 1963 to 1964.

None of this has implications for an election date. Ministers and Conservative Central Office are working on the assumption that the election could be held from early next spring up to the final date in two years' time.

The conventional wisdom at Westminster favours October, 1987. What this week's events and the postponement of water privatisation show is that the election is at the forefront of everyone's minds.

DEFERRED PLANS

Water privatisation: postponed until after election.
Private housing rent decontrol: postponed until after election.
Domestic rate reform in England and Wales: bill postponed.
Royal Ordnance factories: sale deferred.
Shops Bill on Sunday trading: defeated in the Commons.
Contracting out of local authority services: bill dropped.
Education vouchers: rejected, though under review.
Student loans: repeatedly rejected, though under review.

Whitelaw admits difficulty of Howe's Pretoria talks

BY KEVIN BROWN

SIR GEOFFREY HOWE, the Foreign Secretary, faces "an extremely difficult task" in his forthcoming visit to South Africa on behalf of the EEC, Lord Whitelaw, the deputy Prime Minister, admitted in the Lords yesterday.

Lord Whitelaw insisted, however, that the Government was committed to achieving a suspension of violence in South Africa, leading to dialogue and reconciliation.

Baroness Young, the Foreign Office Minister of State who opened a Lords debate on South Africa, said Sir Geoffrey would not be delivering ultimatums or threats to the Pretoria Government.

Lady Young said the visit was not intended as a mere fact-finding mission. Sir Geoffrey would aim to impress on the South African Government the European view that change would not be delayed.

Lady Young warned that measures which would undermine southern Africa's economy and force Pretoria "to retreat into the laager and fight on" would gain nothing.

The British Government was still convinced that economic sanctions would be counter-productive. The South Africans could hold out for a long time under siege conditions," she said.

Lord Barber, the former Chancellor who was a member of the Commonwealth Eminent Persons Group inquiry into South Africa, said hopes for a negotiated settlement had been rising when the South African government launched military raids on three neighbouring black states.

Plant engineer to wind down UK operation

LUMMUS CREST, a contract engineering company specialising in the design and building of plant for the oil and petrochemical industries is withdrawing its technical operations from the UK with the loss of more than 300 jobs.

The company, part of Combustion Engineering of the US is closing its Northampton design office which employs 280. The other job losses will be in London.

The decision, announced yesterday, reflects the decline in energy-related construction projects in the UK.

Lummus, which did some of the project engineering at the Mossmorran petrochemical site in Scotland has only one UK project on its books. This scheme, an Esso chemical plant at Fawley is three quarters completed.

Easier terms help revive Loan Guarantee Scheme

BY WILLIAM DAWKINS

A SURGE in borrowing under the formerly ailing Loan Guarantee Scheme was revealed yesterday by Mr David Trippier, minister responsible for small businesses.

In an interview with British Business, the Department of Trade and Industry magazine, Mr Trippier said nearly 150 small enterprises had borrowed through the scheme last month, three times the average for the final quarter of 1985.

In 1982-83 500 loans per month were made, but the easier terms launched in the March Budget are evoking a response. The amount borrowed has climbed to just over £5m per month, against £1.9m late last year.

The Budget halved the premium which borrowers pay for a 70 per cent government guarantee, from 5 per cent to 2.5 per cent of the guaranteed portion.

The scheme started with a 3 per cent premium five years ago, but was increased to try to check higher than expected losses. It also throttled demand.

"We have all been on a learning curve on the Loan Guarantee Scheme," said Mr Trippier. "A new era of co-operation has resulted in the scheme really taking off—and banks have been at the forefront of marketing the advantages of the scheme to businessmen."

Clearing banks were, until the Budget, cautious about marketing the scheme because they feared its abolition, despite their efforts to persuade the Government to revive the scheme.

Building guarantees taken up

By Joan Gray, Construction Correspondent

MORE THAN 2,000 contracts worth nearly £11m have been registered under the Building Employers Confederation's guarantee scheme designed to protect small clients from shoddy work and cowboy builders.

Under the Small Building Works guarantee scheme a payment of 1 per cent of contract price ensures work will be completed in accordance with a written contract, that defects will be remedied and that work will be completed by another confederation builder if the original company becomes insolvent or defaults.

The confederation has handled more than 30,000 inquiries about the scheme.

Mr Kevin Danaher, scheme chief executive, said: "There have been ouy half-a-dozen disputes which have had to go on to arbitration. This suggests that the very fact that a builder is operating the scheme and is a member of the BEC is a sign of a good reputation so that a client can have confidence in him.

"We hope the scheme, with the BEC's continuing campagin against cowboy builders operating in the black economy, is raising the level of public awareness over the risks of resorting to cut-price, cash-in-hand operators."

The confederation's figures coincide with those from the Director General of Fair Trading which show that for the first time in recent years the number of consumer complaints about shoddy building work fell. In the year ended last September they numbered 39,319, compared with 44,323 in the previous 12 months.

Berrill warns professional firms over auditors

BY NICK BUNKER

SIR KENNETH BERRILL, the investor protection watchdog, yesterday warned that many professional firms would be forced to appoint auditors for the first time as a result of the Financial Services Bill.

The Securities and Investments Board, of which Sir Kenneth is chairman, is urging the Government to change the bill to include a specific requirement for companies and partnerships to appoint an auditor as a pre-condition for authorisation to do investment business.

The Department of Trade and Industry has already agreed that the bill should be amended this month during the Lords committee stage to allow the SIB's rules to require annual preparation of audit reports on investment businesses.

Speaking at a conference in Cambridge, Sir Kenneth said such requirements would place "an extra responsibility" on businesses, which included unincorporated bodies such as partnerships that had not in the past appointed auditors.

It would require allocation of extra resources, he said.

"We think it essential because a uniform assessment of the financial position of firms across the spectrum of investment activities and types of business is an important element of investor protection," Sir Kenneth added.

Auditors would not, however, be required to keep tabs on the day-to-day running of a business. Their job would be to report to relevant regulatory authorities on an investment business's year-end figures and make statements about its capital adequacy and client-money balances.

Auditors would also be expected to report to regulators about aspects of the investment business's accounting systems, such as its mechanism for dealing with the client-money regulations laid down under the bill.

● A flood of applications from the public has forced the Stock Exchange to print a second edition of its layman's guide to stocks and shares just 10 days after its first publication.

Within eight days of the launch of the exchange's wider share ownership campaign on June 24, officials had already received more than 50,000 requests for the booklet — An Introduction to the Stock Exchange, exhausting the first print-run.

MoD procurement policy will be 'fair and tough'

BY DAVID BUCHAN

THE MINISTRY of Defence will be "both fair and tough" in getting the best value for the £8bn it spends each year on buying equipment from British industry, which itself stands to gain more arms export orders through greater competitiveness, Mr George Younger, the Secretary for Defence, said yesterday.

He was opening the MoD's first presentation of its procurement policy to the City.

Financial institutions have shown some concern about the impact of the ministry's new policy on competition and tougher tendering and payment terms on the finances and cash flow of UK contractors, at a time of declining real defence

Mr Younger and senior MoD procurement officials sought to reassure City institutions that the strategy of opening as many defence contracts as possible to competitive bidding would be applied "intelligently." Existing contractors would not be driven out of business, while the more efficient could still earn a decent return on UK contracts and score better in export markets.

Mr Younger recognised there was "no merit in taking a very short term" attitude on competition. But competition was a great incentive to companies to find ways of cutting costs, he said, and this could only improve export competitiveness.

Mr Colin Chandler, head of [illegible]

that following sales of nearly £3bn last year, arms export orders totalled £4bn in the first quarter of this year.

Even discounting that £3bn of this was the Tornado fighter sale to Saudi Arabia, it was a very creditable performance, he said.

After outlining some of the cost savings already achieved, Mr Peter Levene, head of the MoD procurement executive, announced that the ministry would soon publish a fortnightly magazine detailing its procurement to elicit the widest possible response from bidders.

The UK defence industry had not fallen on hard times and was in the best of health, Mr Levene claimed. His own procurement executive was planning defence spending on a longer cycle, and could for the first time carry over a certain proportion of any funds unspent at the end of a financial year into a subsequent year.

Where companies had won a contract competitively, the MoD "would not pick over the level of profit," Mr Levene said. Only where no competition was involved was the MoD required to scrutinise the contractor's profit margin.

This was reinforced by Lt Gen Sir Richard Vincent, Master-General of Ordnance who runs the £2bn procurement budget for land-based systems.

He stressed that while "fixed price" contracts were increasingly favoured, they were not always the best for either the MoD customer or the contractor, where development of a technology was risky or uncertain.

In such cases, a "maximum cost" contract, with an incentive clause allowing a contractor to keep an increasing share of whatever costs he could cut, was the best.

Appealing for City support, Mr Levene said financial institutions should understand that defence programmes were long run, usually three to five years. If they supported such programmes in the new competitive environment, City institutions "would find themselves associated with long run success."

competition. [illegible] seems to prefer co-operation! | initial promise is not realised. Beak trimming, not removal [illegible]

Today chief appointed

BY RAYMOND SNODDY

MR TERRY CASSIDY, managing director of George Outram, Glasgow newspaper publisher, has been appointed managing director of Today.

Mr Cassidy will begin work at the struggling colour newspaper on Monday.

He is expected to take over most of the day-to-day running of Today from Mr Eddie Shah, who remains chief executive and chairman.

Mr Shah has been looking for a newspaper executive to fulfill that role for some time.

Outram, publisher of the Glasgow Herald and Evening Times, is a Lonrho company.

Mr Tiny Rowland, of Lonrho, recently took a 35 per cent stake in News (UK), publisher of Today, in return for backing of between £15m and £20m.

UK NEWS

LABOUR

Dublin urges protection for Ulster Catholics

BY HUGH CARNEGY IN DUBLIN

THE IRISH Government is to press Britain to ensure that the lives and property of Roman Catholics in Northern Ireland be fully protected during the Protestant marching season, which will start in earnest during the next two weekends.

Mr Peter Barry, the Irish Foreign Minister and co-chairman of the Anglo-Irish conference, told the Irish parliament yesterday that he was also concerned to ensure that "the police carry out their duties in a professional and even-handed way."

The Royal Ulster Constabulary has banned two marches, on July 12 and 14 which were to have involved parades through Catholic parts of Portadown, south of Belfast. They have been re-routed.

Mr Barry said the Anglo-Irish agreement "will not self-destruct or be wished away." It had made real progress.

He instanced proposed changes in the British Emergency Provision Act 1978, covering the admissibility of evidence, the granting of bail, the rights of suspects in custody and the security forces' powers of arrest, search and seizure.

Other changes in the judicial system, security forces' operations, prisons policy and cultural matters of concern to nationalists were being discussed.

Mr Barry said the two governments would also decide soon how to spend $50m (£32.5m) this year from the US. More was expected up to 1990.

The money would be administered jointly through an international fund, with three-quarters of the resources going to Northern Ireland, mainly to private investment and infrastructural projects.

The minister also told parliament that the Irish Government had received assurances from the Libyan Foreign Minister that "Libya has nothing to do with the IRA." This followed reports from members of a European parliamentary delegation to Tripoli that a senior Libyan official told them Libya was considering a resumption of aid to the IRA in view of Britain's support for the US bombing of Libya.

Mr Barry said he was still concerned about the matter.

○ In Ulster, Loyalist leaders reacted angrily to the police ban on their marches through Portadown.

Last year, after a similar police decision to re-route the marches, there were several days of heavy rioting.

Rev Martin Smyth, of the Orange Order, claimed the pact with Dublin was the main reason for the police ban, not public order. Rev Ian Paisley, leader of the Democratic Unionist Party, said there was no need for violence at any parade, provided the police acted responsibly.

Merseyside benefits from more day trippers

By Ian Hamilton Fazey, Northern Correspondent

MERSEYSIDE'S tourism industry—one of the cornerstones of government attempts to revive the region's economy—attracted 19m visitors who spent £223m and supported nearly 14,000 jobs last year.

The figures—which confirm tourism as the region's only big growth industry—were obtained in the most comprehensive survey of the industry yet. It was conducted for the European Commission, Merseyside Arts, the now-abolished Metropolitan County Council, and Merseyside Development Corporation, the government agency responsible for regenerating redundant dockland.

The industry is headed by the Merseyside Tourism Board, a private sector venture launched with £250,000 of government funds after Merseyside County Council was abolished.

Day trippers accounted for 17.2m of the visitors, the first time such numbers have been available. Previous studies counted overnight visitors only—1.8m in 1985, compared with 1.1m in 1981 and 1.5m in 1983.

Family reasons brought 48 per cent of the visitors, while business trips attracted 9 per cent, reflecting Liverpool's relative decline as a business centre. However, 43 per cent came for pleasure, a proportion the tourist board expect to grow.

One-fifth of those in the "pleasure" category, who stayed overnight were from abroad. The Beatle City exhibition centre—which lost so much money that Radio City, Liverpool's commercial station, was forced to sell it to Transworld Leisure this year for £500,000—was top attraction.

Beatle City is to be moved next year from its obscure site to Transworld's Festival Gardens, developed on the site of the 1984 International Garden Festival.

The survey found other attractions included Liverpool's two cathedrals and Cavern Walks, an up-market shopping precinct built in Mathew Street, where the Beatles started in the since-demolished Cavern Club.

The Albert Dock complex of shops, offices, museums and leisure facilities on the waterfront, also scored highly.

The survey showed that visitors were generally in the ABC1 socio-economic group and sought out places of cultural or historic interest.

The visits brought about substantial changes in the way people saw Liverpool, with 26 per cent thinking it was a rough, violent place before their visit but only 2 per cent holding this view afterwards.

Sir Ron Dearing likely to stay as Post Office chief

By David Thomas

SIR RON DEARING is likely to be re-appointed Post Office chairman when his term of office expires at the end of September.

The Department of Trade and Industry is close to making a recommendation to ministers and it appears they are not considering other candidates.

It is understood that decisions have not been taken on the length of time for which Sir Ron, 55, will be re-appointed to the £66,000 a year post, though the re-appointment is unlikely to be an interim one.

Sir Ron was appointed Post Office chairman for a five-year period in 1981.

If he is re-appointed, it will be seen that ministers wish him to carry through policies he launched in the Post Office, particularly the separation of their core operations into three businesses, and a drive to improve labour efficiency.

Success for Kent business park

FUJI SEAL, the Osaka-based international producer of heat-shrink labels and seals for bottles and containers, has chosen a three-acre site on the Gillingham Business Park, Kent, for its new European plant.

The Kent Economic Development Board has promoted the park in competition with other European development parks.

The plant will cost over £6m.

Hill Samuel raises £14m for investment fund

BY WILLIAM DAWKINS

HILL SAMUEL, the London merchant bank, yesterday said it had raised £14m from 11 financial institutions to invest in established unquoted companies in the UK.

Half of the subscriptions for the Second Fountain Development Capital Fund come from investors in the first £7m vehicle, launched four years ago.

The new fund will invest between £150,000 and £1m at a time—more than was the case with its predecessor. This reflects the belief of the managers—like many UK venture capitalists—that they can expect a growing exposure to large management buy-outs.

Hill Samuel said the first fund had produced a 40 per cent annual rate of return, made two stock market flotations and expected four more from its 18 investments by the end of next year.

○ Paine Webber International Capital and De Zoete and Bevan, the stockbroking firm, are planning to raise £20m for investment in poorly performing businesses capable of being turned round.

Their European Industrial Equity Company aims to take controlling stakes in five to 10 troubled private businesses across Europe. Investments will be managed by Emesco, a Swiss management consultancy, and the fund will be listed on the Luxembourg stock exchange.

ECONOMIC DIARY

TOMORROW: Japanese general election. UN sponsored conference on Namibia in Vienna (until July 11). Siemens makes statement in Rome.

MONDAY: EEC finance and budget councils meet in Brussels. European Parliament in session in Strasbourg (until July 11) Credit business (May). Retail sales (May—final). Mr Francois Mitterrand, French President, visits Moscow (until July 10). BL annual meeting. Negotiations on new international cocoa pact resume in Geneva. News International take action against unions over Wapping picketing. High Court.

TUESDAY: London and Scottish banks monthly statement (June). Provisional estimates of monetary aggregates (mid-June). British Steel Corporation publishes annual results.

WEDNESDAY: Harrods sale starts.

THURSDAY: Provisional figures of vehicle production (June). US-Spanish talks on reduction of American forces. Thorn EMI annual meeting. The Royal Institute of International Affairs holds conference called China's seventh five-year plan—an assessment, at Chatham House, SW1.

FRIDAY: Tax and price index (June). Retail prices index (June). Building societies' monthly figures (June). Finished steel consumption and stock changes (first quarter final). Usable steel production (June). US producer price index (June).

David Brindle on the biggest Civil Service union's new leader

Purist champion of the hard left

John Macreadie with Chris Kirkwood, a former member of the Communist Party elected as union treasurer: "The members have spoken."

MUCH WILL change when, subject to any last-ditch legal challenge, newly-elected Mr John Macreadie moves into the general secretary's office at Britain's biggest Civil Service union in nine days' time. Even the pot-plants look doomed.

"I don't expect I'll like them," says the far-left Militant Tendency supporter, only half-jokingly. It is in line with his distaste for everything associated with his predecessor Mr Alistair Graham's four-year stewardship of the union, the Civil and Public Services Association.

The contrast between the two men could scarcely be greater. Mr Graham is an outspoken harrier of the Trotskyist Militant group, a darling of the media, a pillar of the labour movement's pragmatic right wing. Mr Macreadie is a self-confessed "hard" leftist, an ogre in the eyes of most of the press, a fierce champion of uncompromising union strategy.

Surprising, then, that the pair were once good friends. Indeed, Mr Macreadie says he even acted as Mr Graham's election agent in the union in the early 1970s. Since then, however, their political paths have diverged towards the warring left and right camps which have done so much to hamper the CPSA's work over the past decade.

For most of that time, Mr Macreadie's pro-Militant stance has meant for him the union equivalent of internal exile — "very much directing power stations in Siberia," as one bemused observer from another Civil Service association puts it.

His current responsibilities as a CPSA national officer are for members in the Department for National Savings, the Land Registry and the government research councils. Such unglamorous postings have kept him well out of the limelight.

However, as last week's unexpected election result proved, his supporters in the bigger government departments, notably the Department of Health and Social Security, have been far from idle.

Mr Macreadie, aged 39, likes to make much of his rise from a childhood in the slums of Glasgow to the leadership of the 146,000-strong CPSA and, by right, a seat on the Trades Union Congress general council.

With five O-levels under his belt he moved to London to find work and joined the then Ministry of Transport as a temporary clerk, in 1964 aged 17. The same day, he joined the union. Within seven years, he was taken on to the CPSA staff.

Like Mr Derek Hatton, the leading Liverpool city councillor whose position as Britain's best-known Militant he threatens to usurp, Mr Macreadie is a sharp dresser and keeps his thick silver-grey hair neatly coiffured.

Like Mr Hatton also, he is ever-willing to talk freely with reporters, knowing full well what slant their stories are likely to have.

"Menace of Left's hard man—anarchy in all our lives" and "the enemies within—chilling reality behind that shock election" were among this week's headlines which Mr Macreadie says, were nothing less than he expected.

He lives in south London with his wife, Roisin, herself a civil servant, and their two children. A member of the Labour Party for 22 years, he sits on the Wimbledon constituency party's general management committee. In the latest party-leadership contest he backed left-winger Mr Eric Heffer rather than Mr Neil Kinnock.

Although criticised during the CPSA election for not being wholly open about his politics, Mr Macreadie now makes no bones about his unqualified support for the "socialist policies put forward by the Militant newspaper"—policies which include nationalisation of the top 200 so-called monopolies—and wants his union to affiliate to Labour.

Unlike most Militant supporters, however, he carries a smart brief-case rather than a plastic carrier-bag bulging with unsold copies of the group's weekly paper.

Unlike Mr Hatton he is not one to harangue an interviewer or opponent, though some critics among his colleagues say wearily he tends to sloganise and to posture.

Critics regard as gimmickry—if hardly cheap—his election commitment to refuse to draw the full general secretary's salary of almost £27,000 and to remain instead on his present pay of £17,600, including London weighting allowance.

The gesture seems to have been a master stroke in a union where the average take-home pay of adult members is less than £90 a week. It also goes down well with CPSA staff, if not senior officials, who went on strike over pay last year and saw Mr Graham cross their picket line.

Mr Macreadie says: "People like Graham are out of touch with how the low-paid members think and live and the members want to see the back of them."

Apart from this commitment it is unclear what the new general secretary will do—or, more important, be able to do—in a union overstaffed, beset by financial problems and dominated at least for the next 10 months by a right-wing national executive committee.

He has no absolute power to appoint new officials but can move existing ones. This is likely to mean a big step up for Mr Terry Adams, the only other Militant supporter among the CPSA national officers, a close personal friend (their families are due to holiday together in France) and reputedly the person who converted Mr Macreadie to the Militant line in the mid-1970s.

Many believe Mr Adams to be the shrewder tactician.

One theory is that Mr Macreadie will put Mr Adams in charge of the union's important Employment Department section where Militant is weak on the ground. However, this would mean Mr Adams could not also become deputy general secretary in next year's election for the post.

In dealings with the executive and with other Civil Service unions Mr Macreadie is expected to adopt a purist left-wing stance. He will, he says, without qualification, support any CPSA members who vote to go on strike. He will also refuse to be involved in secret negotiations and deals.

This, particularly, is causing alarm in Civil Service circles where informal bargaining is commonplace and where it is practice for the unions to adopt a common line among themselves before negotiations start.

When he fails to get his way, as he often will, Mr Macreadie is said by those who know him to be likely moodily to take his bat and ball away. One story has it that, facing a small number of job losses in one of his sectors, he contributed hardly at all to the joint union negotiations once the CPSA members involved rejected his idea of a protest strike.

Asked afterwards why he had been so reserved in the talks, he is said to have replied tartly: "The members have spoken." For Mr Macreadie, the struggle is all.

Andrew Fisher reports on a drive to improve south-east rail services

BR puts more money on the line

Chris Green, director of Network SouthEast, pins hopes on new regional trains.

BRITISH RAIL'S claim may be that it is getting there but many commuters must still wonder how many hitches lie ahead.

BR has taken a bold stride with its Network SouthEast campaign, involving heavy spending on equipment, smarter trains and stations, and more information for passengers.

Launched last month, the campaign is aimed to tidy (literally and figuratively) BR's image in the south-east.

Cleaning groups will sweep regularly at stations, smokers will be banished from waiting rooms and most carriages, and war will be waged against feet on seats. More ambitious and costly changes are also planned.

It may seem too good to be true. That was certainly the impression conveyed by some commuter representatives at the initial presentation.

Mr Chris Green, the energetic and forceful director of Network SouthEast, came under heavy fire over shortcomings on some lines. He conceded there had been "criticism and cynicism" over services in the south-east, adding that "regeneration" was now the aim.

The changes will mostly affect Southern Region, the biggest sector of Network SouthEast, with a route structure surpassed in density only by that of Tokyo. Nearly two-thirds of the 41,000 people employed by the network work on Southern Region. The other parts involved are in the Western, London Midland and Eastern regions.

BR is aware of incessant criticisms of delays, cancellations and overcrowding. But it insists that 90 per cent of trains are on time or no more than five minutes late and that much of the carping is unjustified. During morning and evening peaks, a train arrives at the London terminuses every 11 seconds.

"Commuters are delighted to see some positive steps being taken," says Mr Gordon Pettit, general manager of Southern Region, about the plans.

"Yes, we hear what BR is saying it will do. We'll wait and see how improvements are …

In view of Southern Region's history, he admits, this is not surprising.

With its 3,070 miles of track, mostly electrified, carrying about 5,000 trains a day, the operation is a logistical nightmare. It occupies an area of an 80-mile radius around London, stretching from the capital and the River Thames to the south and south-east coasts, bounded by Basingstoke, Sherborne and Weymouth to the west. It brings 735,000 people in and out of London every working day.

Because the region is so tightly integrated, problems in one area can quickly and severely affect services in others. "We have to concentrate on a relentless drive to improve the reliability of equipment day by day," says Mr Pettitt.

The region has been pressing on with electrification, to eliminate smelly and less reliable diesels, and renewing signalling systems. It has spent £750,000 on making Waterloo, the biggest Southern Region station with 22 acres, clean, colourful and cheerful, with shops and cafés around the concourse.

Other stations, such as Charing Cross, are due for similar treatment. Richmond in Surrey has been refurbished and Mr … Southern Region stations bright and clear.

As for the trains, BR is gradually decking them out in a new grey, blue and red livery. Some commuters reckon this is a trifle garish, not to mention the bright blue seats. Others have yet to see it on their routes.

BR wants all Network SouthEast trains to have public address systems, and stations to have better information displays, so people can be told what is happening and have at least some of the frustration taken out of a delayed or cancelled journey.

These changes are occurring as BR's access to public funds is diminishing, in line with the Government's wishes. Financial support for Network SouthEast has been reduced by 36 per cent to £205m in the last three years.

Spending for the network is planned by BR at about £120m a year, over half of that on Southern Region. Some will be spent on new Networker trains, designed to be faster, lighter, and cheaper to run than existing ones. Lines in Kent will be the first to have these, in about 1990.

BR will also invest £7m on passenger information systems in the south-east and spend …

Despite the high unemployment rate, BR has not always found it easy to recruit the right staff. Early starts, late finishes and awkward shifts are not to everyone's taste.

One BR priority is to attract more passengers at off-peak times, when trains are only about a quarter full. Cheaper fares outside rush hours are one way to do this, with one-day Capitalcards slashing the cost of combined train, Underground and bus travel into and within London.

BR also hopes that, by making stations more attractive, people will be encouraged to go by rail instead of car. After several years of slowly declining passenger numbers, partly caused by job losses in the capital, a gradual increase is now under way.

Many station improvements are being carried out in partnership with property developers. The more commercial approach is paying off for BR, which earns rents from shops and food outlets on stations. Its rent from Waterloo alone is nearly £1m a year.

It is on such basics as reliability, punctuality and comfort that BR is judged by its passengers. "Our production line is on full show every day, …

Coal board confirms pit closure

By Our Labour Correspondent

THE National Coal Board yesterday announced it would proceed with closure of Kinsley Colliery, West Yorkshire, only seven years after it was opened at a cost of £30m.

The announcement followed a report by the independent pit review body, established after the 1984-85 miners' strike, which found the closure case to be "sound and reasonable."

Kinsley, a drift mine near Hemsworth, employs about 300 miners. The board had told the review body there was no prospect of the colliery improving its performance and results sufficiently to achieve economic viability.

Appeal against closure had been lodged by the National Union of Mineworkers and by Nacods, the pit deputies' union, alarmed at the loss of almost 30 pits and 43,000 jobs since the strike's end.

● NUM officials in Scotland appealed yesterday to about 1,000 miners at the Bilston Glen and Monkton Hall collieries, near Edinburgh, to withdraw applications for voluntary redundancy.

The men, almost half the workforce at the two pits, have put their names forward for redundancy since applications were invited this week. The NUM fears the pits will close if so many workers leave.

Mr George Crawford, a member of the union's Scottish area executive committee, told a meeting of Bilston Glen miners yesterday that he had been assured by the board that it had a good mining plan for both pits.

He said later: "The board's attitude is that if the men are running away, don't blame us. I put the case to the men today, that they are being conned. If the colliery closes, the coal board can turn round and say the men voted with their feet."

NUS savings deal ends oil supply ship strike

BY DAVID THOMAS, LABOUR STAFF

THE National Union of Seamen yesterday conceded savings of about 7 per cent in a deal that ended the strike which halted about 30 North Sea oil supply ships on Thursday.

The employers said immediately, however, that the savings were not enough to avoid widespread redundancies.

The dispute arose when six offshore supply companies operating about 50 vessels asked for cuts in labour costs of about 25 per cent because of the depressed activity in the North Sea following the oil price fall. The employers proposed that the cost savings should be made mainly through pay cuts and increasing the amount of time spent working on the ships.

The NUS was ready to agree to some cost savings, but not enough to meet the employers' demands. The union went on strike after a ballot.

The savings of about 7 per cent agreed yesterday include a six-months pay freeze, an increase in tours of duty, cuts in sick pay and allowances and the end to reserve crews.

The NUS in Aberdeen described the deal as "a sensible approach, because the industry is in the doldrums at the moment."

The employers predicted the deal would mean "widespread redundancies" among the 450 seamen and said they "would be forced into laying-up ships in the coming months by a declining market."

They expected redundancies of between 30 per cent and 50 per cent. The figure would have been about 25 per cent if their original proposals had been accepted, they said.

The NUS said: "We know there will have to be some redundancies, but there is no way we will agree to jobs losses on that scale."

The result of a ballot by the ships' officers on the companies' proposals will be known next week.

The companies are Seaforth, Maersk, Stirling, Wimpey, Salvesen and Ocean Inchcape, all members of the General Council of British Shipping. A further 25 ships are run by companies outside the GCBS.

Hopes of new Wapping talks

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS OF the EETPU electricians union are holding out the possibility of fresh talks between News International and the print unions in the Wapping dispute.

Mr Eric Hammond, EETPU general-secretary, and Mr Tom Rice, the union's national newspaper officer, met Mr Norman Willis, Trades Union Congress general secretary, yesterday to report the details of the EETPU's mission to the US this week to meet Mr Rupert Murdoch, chairman of News International.

Mr Hammond told Mr Willis he believed sufficient ground was covered in his talks with Mr Murdoch to raise hopes of further discussions between the company and the unions.

This would be a significant breakthrough in the dispute and a considerable success for the EETPU which, with the National Union of Journalists, was instructed by Mr Willis to use what influence it had to seek the resumption of talks.

After the ballot rejection by print workers of News International's "final" £50m offer the company insisted it would not talk again with the unions.

Electricians leaders believe Mr Hammond's initiative may have eased that position. If any talks were to take place they could fit in with Mr Murdoch's next visit to the UK in about a fortnight.

EETPU leaders are angry that at the time the union is trying to reopen talks in the Wapping dispute, the National Graphical Association is preparing a resolution for the TUC's annual congress in Brighton in September calling for the electricians expulsion over their role in the dispute.

The EETPU's criticism of the NGA follows a warning by Mr Willis at the NGA biennial conference in Blackpool this week against any union pressing for disciplinary action against the electricians.

Journalists on one of News International's newspapers, the Sunday Times, have made clear their desire to leave the Wapping plant in east London and return to central London because of what they described as the haemorrhage of talent from the paper since its move.

They would like to follow staff on the newspaper's magazine who have been based at its old offices in Gray's Inn Road but are moving to a central London location.

NGA hardens opposition to single-union deals

BY HELEN HAGUE, LABOUR STAFF

THE National Graphical Association has hardened its opposition to single union deals with a policy commitment against them.

Where possible, the NGA will negotiate jointly with "the other appropriate unions" at green field sites set up by employers.

The move to sharpen hostility towards unions which agree deals that cut across fellow … NGA's London region and received overwhelming backing from conference delegates.

The union reaffirmed its opposition to the one-union deal struck by the electricians' union, EETPU, with Mr Eddy Shah's News (UK), and the EETPU's move towards signing a similar agreement with News International for the London Post, prior to the Wapping dispute.

… purpose freelance scabs," and argued that if the resolution was passed it would help the NGA isolate the electricians at the Trades Union Congress in September. The union is seeking the EETPU's expulsion for its role in the Wapping dispute.

An NGA pledge not to sign single union agreements would also assist moves towards amalgamation with Sogat '82, he said.

… would be no policy block on the union reaching sole recognition agreements with employers where the entire area of work was in its traditional area.

A number of such agreements exist in small typesetting and reproduction houses.

● A motion attacking Mr Robert Maxwell for his role as an employer in the printing industry is to be tabled for the next meeting of the Labour …

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Saturday July 5 1986

The bulls charge on

WITH oil heading south of $10, unemployment rising and the Thatcher Government slipping from one political banana skin to the next, the London stock market today stands less than 4 per cent below its highest ever level. Neither the waning of merger mania, with the defeat of Dixons' bid for Woolworth, nor GEC's decline in profits for the first time since the 1960s, nor even the embarrassing debut of Morgan Grenfell, the bluest chip among the post-Big Bang conglomerate investment banks, has dulled the market's shining vision of ever-higher share prices. What has been driving the markets upwards and is there any force on earth, the breathless investor asks, which could bring the bulls to a halt?

When equity markets peaked all over the world at the beginning of April, the answer seemed obvious. A global state of euphoria had been engendered by the effective collapse of Opec. Everywhere, bullish western politicians were falling over themselves to eulogise the brave new world of low inflation, falling interest rates and rapid growth, which would be built upon the ruins of Opec.

All this excitement seemed to raise a simple question for the investor—whether or not to believe in the predictions of a revival of world-wide non-inflationary growth? On the whole, the markets found the political enthusiasm infectious and equities in Wall Street, London, and Tokyo all surged by 20 per cent as the oil price collapsed in the first quarter of this year.

Industrial production

Reviewing the scene today, some three months later, the picture is less easy to interpret, if not downright confusing. For the London market is almost back to where it was in April, while Tokyo and Wall Street are both a good deal higher, despite the fact that evidence os mounting almost daily against the bullish economic expectations which fuelled the stratospheric performance of world-wide equities in the immediate aftermath of the oil price collapse.

In Britain, industrial production, trade and employment figures in the last few months have all been weaker than the bulls expected and the market's consensus forecasts for most economic indicators—with the sole exception of inflation—are probably no better now than they were six or even 12 months ago.

In Japan, gross national product actually declined in the first quarter for the first time in living memory, as it has become apparent that even the fabulously flexible Japanese economy will be hard put to cope with the sudden adjustment now required from export-led to consumer-led growth. Meanwhile, as Japanese exporters continue to push their wares in America, albeit for far slimmer profits, and as the yen continues to rise inexorably, forecasts for Japan's growth in the next year or two are being downgraded.

In Germany, too, predictions that strong consumption and investment would result from lower oil prices are being disappointed. German consumers are tending to save their oil price windfalls, instead of spending them. German businesses face new difficulties in their US and Opec export markets which are offsetting most of the hoped-for gains from the modest growth of consumer spending at home.

The biggest disappointments, however, have come from America. The GNP figures in the US for the first quarter were revised sharply downwards last month, from 3.7 per cent to 2.9 per cent and the news in the past few days about industrial orders, leading indicators and unemployment claims has tended to confirm the picture of an economy which is winding down, not powering ahead as the bulls had predicted.

Economic prospects

Of course, the hopes persist throughout America, Japan and Europe that the economic revival has merely been put off a few months longer than expected. It is significant, however, that all eyes today are on the monetary authorities in Washington, Tokyo and Frankfurt, rather than on the oil sheiks of the Gulf. Cheap oil no longer seems a panacea against the contractionary forces in the world economy. These have been gathering strength for more than a year as the world business cycle has approached its peak, the dollar has fallen and US fiscal policy has begun to tighten.

The markets now clearly recognise that macroeconomic policy responses in key industrial countries will be just as important to the world's economic prospects as the fall in the oil price itself. And if there is an underlying rationale for the bullishness throughout the world, in the face of the last few months disappointing economic statistics, it probably lies in the markets' expectations of further co-ordinated moves to lower interest rates throughout the world — backed by some judicious fiscal expansion in Japan and Germany. Unfortunately, the record of international economic policymaking does nothing to guarantee that these hopes will be fulfilled.

UK RETAILING

New steps in takeover tango

By David Churchill

The Merger Wave

	Bidder	Target	Price £m
1985			
March	Sears	Fosters	115
April	Asda	MFI	593
	Al-Fayed Inv.	House of Fraser	615
June	Harris Queensway	Rayford Supreme	20.6
	Burton	Collier	15.8
	W H Smith	Classic Bookshops	19
August	Burton	Debenhams	567
	W H Smith	Elson (US)	49.4
	Guinness	McColl	24
Sept	Ward White	Maynards	20
	Next	Lord John	11.5
October	Ward White	Owen Owen	60.6
	Storehouse (merger vehicle)	Habitat/Mothercare BHS	1,500
1986			
March	Ward White	Payless DIY	94
April	Dixons	Woolworths	1,800 (failed)
	W H Smith	Our Price	43.2
	Dee	Woolco	26
May	Harris Queensway	Times Furnishing/Home Charm	146
June	Gallaher	NSS newsagents	67.4
	Dee	Fine Fare	686
	Next	Grattan	300
	Barker & Dobson	Budgen	80

STANLEY KALMS, chairman of the Dixons Group, was yesterday still licking his wounds at his North London headquarters following the collapse of his £1.8m mega-bid for the Woolworth stores chain on Wednesday.

His failure is the first real setback in the wave of retail mergers over the past 12 months which threaten to lead to a radical reshaping of British High Streets in the late 1980s and beyond.

But will Dixons' failure lead to any slowdown in retail merger activity?

"It could be a watershed for retailing in the 1980s," suggests Mr Tom McNally, director general of the Retail Consortium. "I hope that we have now seen the last of these frenetic mega-deals which are not good for the customer or the country."

Ms Jenny Nibbs, a senior stores analyst with stockbrokers Capel-Cure Myers also believes that "now Stanley Kalms has egg on his face I think some of the larger retail predators will think twice before launching a hostile mega-bid in the retail sector."

But she does not believe it will lead to "any real slackening of the pace of change brought about by mergers."

Mr John Richards, a senior stores analyst with stockbrokers Wood Mackenzie, agrees. "We have only seen the tip of the iceberg so far as retail takeovers are concerned," he says. "There is a fundamental restructuring of British retailing under way at present."

While all the attention over the past three months has been focused on the Woolworth-Dixons ding-dong battle, there have been several much smaller—but equally significant—retail mergers taking place as part of this restructuring process.

This week, for example, the Next fashion group agreed a £300m merger with the Grattan mail order company, while Booker McConnell sold its 148 Budgen supermarkets to Barker and Dobson, a confectionery company headed by ex-Asda chief Mr John Fletcher who has ambitious plans to develop further into food retailing.

Most City analysts expect these small deals to gather pace throughout the summer months—even if the long-awaited hostile bids for companies such as Boots or Sears now fail to materialise in the wake of the Dixons flop.

By the end of the decade, therefore, power in the High Street will be increasingly concentrated in the hands of the few. The multiples' share of all retail trade is growing steadily—from 22 per cent in 1950 to 64 per cent at the beginning of this decade. By 1990, brokers estimate that the large multiple retailers will account for some 75 per cent of all retail spending.

In some sectors, such as food retailing, growth through acquisitions has enabled new major players to enter the market. In less than five years, for example, Mr Alec Monk's Dee Corporation has grown from virtually nothing to become the third largest supermarket chain after Tesco and Sainsbury. This growth has been entirely by acquisition, culminating last month in a £686m takeover of the Fine Fare chain.

Why has merger mania gripped retailing in the 1980s? Several key reasons emerge.

● Low inflation. "The 1970s was a decade of illusion," points out Mr Richards of Wood Mackenzie. "Many retailers forgot to make any mental adjustment for soaring inflation and were, in effect, congratulating themselves when they were, in fact, stagnating or even going backwards."

In the 1980s, low inflation has starkly revealed—especially to potential predators—those retailers who have failed to achieve real sales growth.

● Site scarcity. Retailers which have developed sucessful retail formulas in the 1980s have found their growth restrained by the availability of prime retail sites. Long-established retailers which invested in property in previous decades but have since lost entrepreneurial flair have been prime takeover targets.

The shortage of available and good High Street sites is also reflected in the sharp acceleration in the rate of building new shopping centres (see panel).

● High ratings. The buoyancy of both retail sales and the stock market in general in the 1980s has enabled some companies to enjoy a high market rating. Not surprisingly, some of these have been tempted to cash in on this valuation by acquiring larger but less successful retailers in a deal financed by paper rather than cash.

● "Macho" men. Several key retail entrepreneurs have emerged over the past five years, whose reputation for taking over moribund companies and turning them round has almost forced them to continue to mount major bids to maintain their "macho" status.

Two other factors may also have helped the bid moves in retailing. One is the increased role played by stockbrokers and financial institutions in putting deals together.

Another factor is the growth of sophisticated computerisation of retail operations which now makes it feasible for companies effectively to run large-volume, scattered store operations.

Since all these factors are likely to become more—not less—pronounced over the next few years, the potential for further retail mergers is therefore enhanced.

But who are the likely targets and who will the predators be?

For various reasons, some of those most likely to put together a new mega-bid in retailing are likely to stay on the sidelines in the near future. Sir Terence Conran, for example, has problems in sorting out the recent merger of Habitat-Mothercare with British Home Stores while Sir Ralph Halpern is still digesting last year's Debenhams deal.

Sir Philip Harris, chairman of Harris Queensway, also looks increasingly likely to move closer to Great Universal Stores following his recent £146m acquisition from GUS of its Times Furnishing and Home Charm Stores.

Mr Alec Monk may also need some time to integrate the recent Fine Fare and Hermann's sporting goods acquisitions in the UK and US before further deals.

Two other potential predators—Mr James Bulliver whose Argyll Group failed earlier this year to capture Distillers from Guinness, and Mr Stanley Kalms—are both likely to take time to restore their morale after recent bid defeats.

"It is hard to see who else is left with the nerve to mount a major retail bid," argues Mr Nick Bubb from stockbrokers Scrimgeours Vickers. Three major targets—Boots, Sears and W. H. Smith—could therefore escape a hostile bid in the short term.

They may, however, themselves mount acquisitions as part of a defensive strategy. W. H. Smith, for example, recently paid £43m for the Our Price record retailer, attracted by its bright young management team. Last year Sears bought the Foster Brothers menswear chain for £115m.

The next spate of bids is more likely to come, however, from smaller retail sectors such as jewellery and footwear where the trade's performance has not kept pace with the overall growth in retailing in past years.

The recent merger between H. Samuel and Ratners is seen by a number of analysts as the first of a number of deals in the jewellery trade. In the footwear business, George Oliver and Stead & Simpson are two of the current crop of small takeover targets being watched closely by analysts.

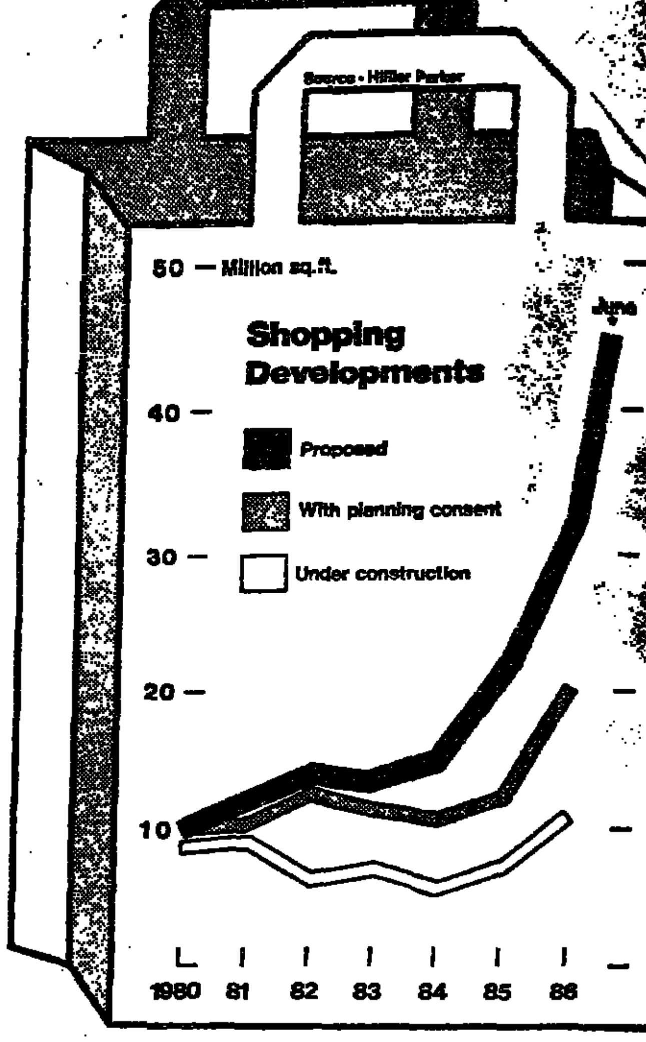
Ward White, too, which used to be simply a shoe retailer and manufacturer, has moved aggressively into a number of other retail sectors over the past few years. In the past 18 months it has bought the Halfords motoring accessories chain, Owen Owen department stores, Maynards confectionery and toy shops, and the Payless do-it-yourself stores.

Retailers play down the threat that too enthusiastic a diversification effort could land them with an unmanageable empire, arguing that the same management formula which succeeds in one retail sector can be expected to work in others as well.

Even such highly concentrated sectors as food retailing—where the top four retailers have about half the national trade between them—does not rule out further moves. Regional supermarket chains such as Hillards and William Morrison are popular targets and the Bejam freezer-centre operation is much talked about as a takeover bet.

"What is exciting about some of the recent deals is that they create new retail animals," points out Mr Richards.

"This week's link-up beween Next and Grattan may be the first of other mergers involving retailers in different sectors." The City is not alone in waiting to see what comes next.



A QUICKER BUILDING TEMPO

THIS WEEK, estate agents Hillier Parker calculated that shopping development under construction in the UK has grown by over 50 per cent to 11m sq ft in the year to March, 1986. A total of nearly 65m sq ft is in the planning pipeline, more than double its level of March, 1984.

The firm's head of research, Mr Russell Schiller, saw three reasons for the surge.

First is the strength of retailing profits which rose by 60 per cent in real terms, from the bottom of the recession in May 1982 to November of last year.

Second, the fact that retailing works at Watford north-in use gives the highest and value to out-of-town sites.

And, third is the pressure from investing institutions, which have wanted to lift their holdings in retail property in recent years.

Rival shopping specialists Clive Lewis and Partners have a fourth explanation to offer. They say that the rise of the retail warehouse operators, included in Hillier Parker's figures as they congregate into retail parks, has a lot to do with the growth in construction and with the rise in the number of schemes with planning permission.

Shopping partner Mr Nick Morgan says that over the past 15 years retailers like Art Wallpapers, Manders, Times Furnishing, Hardys and Henderson Kenton have been getting squeezed out of prime High Street shopping pitches—with little alternative, at first, to simple retrenchment.

Now the retail parks have thrown up a host of new names like MFI, Harris Queensway, B and Q and Texas Homecare, High Street names like Habitat, Halfords and Comet are coming in; and where the old High Street consumer durable names had to operate in 2,000 sq ft of space, the new names are taking 20,000 sq ft and more.

Mr Schiller says that the out of town threat has depressed retail rents in major urban centres, although smaller towns have fared better. Between 1982 and 1986, he estimates, the top ten towns in Hillier Parker's rent index were growing by only a nominal 7.4 per cent per annum while more pleasant market towns like Dorchester and Cirencester were chalking up an 11.2 per cent equivalent.

This reflects potential out of town competition—less a threat to Cirencester than, say, to Bristol—as well as higher costs, problems of access and the generally less pleasant environment of city centre shopping, he says.

Mr Morgan, however, argues that very few of the present out-of-town developments are likely to have a bearing on town centre rents, since high streets serve the "comparison shopper" and retail parks the "convenience shopper."

An exception, he says, is the Cameron Hall Metro Centre in the Gateshead Enterprise Zone south of Newcastle upon Tyne, which has grown into a major comparison shopping centre, which he thinks will have an impact on the city centre, especially on those shops not served by good car parking.

He points out that retail growth has come where tenants can afford it—mainly in towns where "Zone A" rents, for prime space in prime shops, are between £25 and £35 a sq ft. "Towns where Zone A is £75 and over, and these are mainly the big towns, haven't seen the same growth." he says.

Developers still, however, have to convince investing institutions to back their schemes, and major retailers to agree on advance tenancy commitments. These factors, argues Mr Schiller, will become the new acid test for retail development and reduce the risk of white elephants getting past the drawing board stage.

Mr Morgan, too, thinks it likely that economics will filter out the bad risks as new centres move from planning to building. "What might happen," he says, "is that as new centres get built, some of the old ones will begin to look weary, and that is where the white elephants will come from."

William Cochrane

Man in the News: Georges Pebereau

Emperor of the maze

MR GEORGES PEBEREAU, the chairman of France's state-owned engineering and electronics group Compagnie Générale d'Electricité, has the reputation in the French business world of being a cross between a mandarin and a Machievelli.

Now, with his swoop to merge the world-wide telecommunications assets of International Telephone and Telegraph with CGE's telephones subsidiary Alcatel, Mr Pebereau has become positively Napoleonic.

If the deal goes through—it still has to be approved by the French government, which must make its decision by the end of the month—Mr Pebereau will emerge at the helm of the world's second largest telecommunications grouping (after American Telephone and Telegraph), with turnover of $9.6bn across 75 countries.

He dislikes the adjective "habile" (clever) and effects to enjoy brainstorming sessions with marketing men as much as his deal-making in boardrooms and Ministerial parlours. But Mr Pebereau, 54, gives the impression of having been born with an intricate flow-chart of France's labyrinthine corridors of power already firmly etched into his brain.

Mr Pebereau is a graduate of the Ecole Polytechnique, the elite military engineers' academy which has trained a remarkable proportion of French decision-makers in industry and administration.

French engineers, unlike those in other countries (including Britain) are trained to scan the horizons beyond the borders of their specialised fields.

In the ITT deal, Mr Pebereau has shown both vision and mastery of an art peculiar to successful Polytechnicians—the ability to get things moving by pulling simultaneously on the levers of industrial, financial and political influence.

All the same, assuming the Government gives the green light, the act of swallowing ITT's world-wide telecommunications business represents a clear risk for a company which—even after record results last year—makes net earnings of only 1.6 per cent of turnover.

Sitting in CGE's elegant art nouveau headquarters in central Paris yesterday, Mr Pebereau was in no mood to minimise the challenge. "We are in the business of taking industrial risks. Without risks there can be no industry. Companies which take none are moribund."

The ITT deal, if approved, will bring CGE full circle. Mr Pebereau points out that 25 years ago—when Alcatel had only a tiny share of the French telecommunications sector and 0.4 per cent of its present turnover—ITT dominated the French telephones industry with 60 to 65 per cent of the market.

It will also complete the transformation of CGE over the past few years from a comfortable conglomerate living mainly off French public sector orders to a much more aggressive animal beefing up its presence abroad.

And it brings within grasp a strategic goal which Mr Pebereau has clearly identified in recent years, but has had considerable difficulty in achieving: to weld together the European telecommunications industry into a cohesive force with which to confront AT & T and NEC of Japan during the 1990s.

Mr Pebereau, chairman of CGE for the last two years after more than a decade as managing director, is pursuing a relatively simple game plan threaded through a background plot of bewildering complexity.

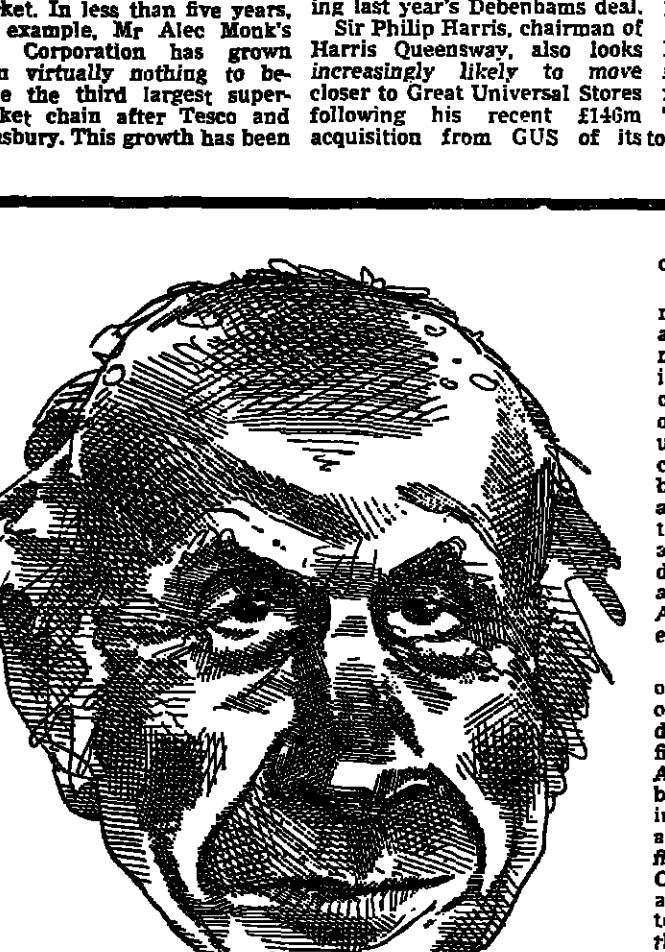
For a string of political factors could still have an influence on the outcome of the ITT deal.

CGE must seek government approval for the accord, not only because of its present status as a nationalised company, but also because it is number one or two on the list (along with Saint Gobain, the glass and engineering group) of companies which the Right-wing administration plans to privatise. As a result, senior Ministers will want to make sure that the ITT merger does not load CGE with financial or industrial burdens which could make it less attractive to private investors.

Mr Pebereau himself, like more than 60 other chairmen of nationalised companies, is waiting for a decision from the Government later this month confirming or replacing him in his post. Although he seems highly unlikely to be removed, the uncertainty helps explain why he has kept a low profile this week.

The CGE chairman's goal of forging genuine international alliances in telecommunications gives him, in the power-play over the ITT affair, some important cards in his dealings with the Government.

Telefonica, the Spanish state-owned telephone company, and Société Générale de Belgique, the Belgian financial group, have already agreed to pay $300m apiece for a 10 per cent stake each in the central European holding company, to be owned at least 50 per cent by CGE. This holding company will have a 70 per cent participation in the telecommunications joint venture, in which ITT will keep 30 per cent.



Mr Pebereau says he has three times as many interested candidates to take up additional stakes in the holding company as he is willing to sell. Bringing in two more solid partners would reduce to as little as $300m CGE's cash outlay—and would also help reassure the French government that CGE was not biting off more than it could chew.

He is negotiating seriously with eight groups, including telecommunications companies, as well as other investors, of which three are from France, three from the rest of Europe (Italy, West Germany and the UK) and two from outside Europe.

Mr Pebereau is particularly keen to forge a British connection. He is on good terms with both Sir John Weinstock of GEC and Sir John Clark of Plessey and would like to bring in both companies with a joint 10 per cent stake in spite of their present discord over the GEC take-over bid.

By forcing the Government to make up its mind on the ITT affair before the end of the month, Mr Pebereau is also indirectly increasing pressure on the administration to decide on another tortuous deal held up by red tape in Paris. This concerns a commercial accord between AT & T and CGE agreed last year under which the US giant would be given access to the French market for digital switching equipment, and in return would help Alcatel market its own E10 exchange in the US.

Mr Pebereau, however, points out that the pressure is not all of his own making. The ITT deal—over which Mr Pebereau's first contacts with Mr Rand Araskog, the ITT chairman, go back four years with talks starting in earnest about 15 months ago—was not expected to be finalised until September or October. But Northern Telecom, alternative offer for ITT's telecommunications assets at the end of last month led to the CGE approach being agreed more quickly than anticipated.

The CGE chairman believes that the group's confederate structure—the holding company has a tradition of giving relative autonomy to subsidiaries in fields ranging from nuclear power reactors to cables, batteries and satellites—should prove an advantage in managing the ITT assets now being brought into the empire. (Although there may be problems rationalising research and marketing, and eventually merging product lines.)

Mr Pebereau is not a King Midas figure—some of his alliances, such as the accord with Olivetti in 1983, have come disappointingly unstuck—but his territory is now clearly expanding. The heads of CGE subsidiaries are known within the group as the "barons"; the ITT chiefs are habitually called "viceroys." Bringing the two together without feudal strife—and increasing the overall profitability of their realms—is now Emperor Pebereau's greatest task.

David Marsh

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd.	10½
Allied Dunbar & Co	10	Financial & Gen. Sec	10
Allied Irish Bank	10	First Nat. Fin. Corp	11
American Express Bk	10	First Nat. Sec. Ltd	11
Amro Bank	10	● Robert Fleming & Co	10
Henry Ansbacher	10	Robert Fraser & Ptrs	11
Associates Cap Corp	10	Grindlays Bank	‡10
Banco de Bilbao	10	● Guinness Mahon	10
Bank Hapoalim	10	● Hambros Bank	10
Bank Leumi (UK)	10	Heritable & Gen. Trust	10
Bank Credit & Comm	10	● Hill Samuel	§10
Bank of Cyprus	10	C. Hoare & Co	10
Bank of Ireland	10	Hongkong & Shanghai	10
Bank of India	10	Knowsley & Co. Ltd	10¾
Bank of Scotland	10	Lloyds Bank	10
Banque Belge Ltd	10	Mase Westpac Ltd	10
Barclays Bank	10	Meghraj & Sons Ltd	10
Benchmark Trust Ltd	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	10½
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10¾	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	11
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Equatorial Tst Corp. plc	10	Yorkshire Bank	10

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The Wham phenomenon

Pop goes a million

By Antony Thorncroft

WHAM, one of the most successful British pop bands of the past decade, played their last concert last Saturday before 80,000 ecstatic fans. The two young men, George Michael and Andrew Ridgeley, who had formed Wham less than four years ago, were giving up at the height of their money-making powers. For a company it would be an unprecedented act of commercial suicide: in the pop world it is par for the course.

Simon Napier-Bell, who managed Wham for most of their career, is philosophical about the break-up. "The biggest mistake is to regard pop bands as a business. They are all about human fallibility. In an office you can get rid of fallible staff. In pop the human fallibility is the focal point on which it all revolves. All you can do is to look for ways of managing it."

Wham split up because George Michael, the dominant figure, the singer and the song-writer, decided that he did not like performing in public. He discovered the fact during the band's first British tour three years ago but was always cajoled into carrying on. Although Wham sold around 38m records in their career—22m singles and 16m of the much more profitable albums—the big money in pop comes from touring.

Not only does it stimulate record sales, but performing in big American stadia before audiences of many thousands hits the financial jackpot night after night. In addition, profitable merchandising deals, over programmes, T-shirts, scarves, and so on add considerably to the income. Bruce Springsteen is reckoned to have brought home well over $20m from his world tour last year. But George Michael just did not enjoy forcing himself into a posturing sex symbol before an audience of shrieking girls.

It represented a radical change of heart. Michael, now 23, grew up in Bushey in Hertfordshire, the son of a Greek-Cypriot restaurateur. From an early age he wanted to be a pop star. At school he linked up with the much more sophisticated (and handsome) Andrew Ridgeley and four years ago in a front room they recorded a song called "Wham rap." Then came the usual round of rejections from record companies before a music publisher became interested, signed them up, and got them a recording contract with Inner Vision, a small company whose product was distributed by the mighty CBS.

"Wham rap" was released to no great public rapture. But Napier-Bell saw the duo performing on television's Top of the Pops. "They were the most likely pop group I'd ever seen. I knew they could be the biggest group in the world. I chased after them." Michael and Ridgeley, an intelligent pair with a single-minded commitment to success, did not have a manager. They were swayed by Napier-Bell's enthusiasm and signed with him. Now 46, Napier-Bell had been in the business for years, his first coup being the management of the 60s band, the Yardbirds. His first task with Wham was to get them out of their recording contract.

Legal battles are now in the very fibre of the pop business. Although contracts tend to be long and complex, at the final analysis, a record company cannot profitably keep a band which does not wish to work with it. Arguing that the original deal was unfair, tying the boys down for an unreasonable ten years, with the possibility of another ten, and being stingy on royalties on 12-inch singles, which were becoming a major selling force, Napier-Bell finally managed an out-of-court settlement. CBS was happy to sign Wham to its Epic label.

And then Michael told Napier-Bell that he wanted to give up. The manager realised that if Wham were to take the world by storm he would have to move quickly. The recognised route to international fame was constant touring of the US, building up ever bigger audiences. Napier-Bell decided on a publicity coup which would get Wham global media coverage, a short cut to public consciousness. After more than 20 visits, and constant badgering, he persuaded the Chinese Government that Wham should play in Peking. For the Chinese it was reassuring to foreign investors: it suggested normality. For Wham it was the quick way to the top.

Michael, a loyal man, well aware that the whole of Wham revolved around him (Ridgeley retired into a shell and played little part in the decisions) was given the chance to kill off the band earlier this year when Napier Bell and his partner Jazz Summers negotiated to sell their management company Nomis to Kunick Leisure for around £5m . . . It transpired that Kunick was 34 per cent owned by Sun Hotels International, which operates Sun City in South Africa.

This is the white pleasure play-ground situated in Bophuthatswana, a black homeland in the heart of South Africa, which had become the centre of a musical backlash in the US, led by Bruce Springsteen. For Michael to be associated with it would have been media murder. His liberal principles, and his own desires, coincided: he sacked Napier-Bell (although they are now talking again). But it was the perfect excuse for a finale.

Now it is all over: Wembley was the last pay-off, and with admission charges and merchandise deals it must have swelled the funds by well over £1m before the horrendous organisation costs and tax pare it down.

Napier-Bell maintains that while Wham can be compared with Dire Straits as the biggest band in the world, able to fill stadium after stadium the size of Wembley for months on end, they are not excessively rich. "We did not capitalise on touring because of George. Wham had two short British tours; played 11 concerts in the US; and five in Japan," he says. For all the publicity Wham have been rarely seen by the public.

They are all comfortably millionaires. When signing to Epic, Michael and Ridgeley (who would get equal treatment) probably were guaranteed 15 per cent of the retail selling price of an album. Various "shrinkages" like packaging and returns probably reduce this to nearer 10 per cent. If Wham have sold 16m albums at, say, an average of £4 each this will have netted them around £6.5m before tax, between them. Singles will have produced perhaps another £3m. It is a good return, but as Napier-Bell says: "Wham breaking up is a failure from a business point of view."

George Michael always made extra money from his song-writing abilities and he will doubtless add to his fortune from this source. And the Wham singles, albums and videos will go on selling. They also remain the only Western band to be receiving royalties from China.

At the end of the day, all three major participants are happy. Ridgeley, who came along for the ride, can now indulge his real interests; Michael has achieved his early ambition, discovered that he is too private a character to give himself constantly to the public, but can now concentrate on his genuine passion for music by writing songs and recording them; and Napier-Bell has already discovered his follow-up act. He reckons that pop bands have a five-year life span. Two have folded under him just when they reached the pinnacle of success—Wham, and Japan, his previous major band. In his next project he is spreading the risk. It will not be so dependent on the talent and sensitivities of just one man.

Wham—now it's all over.

Sellafield requests the pleasure

By Fiona Thompson

EIGHT million people will tomorrow morning receive invitations to take excursions into the largely unknown and the mostly unloved. Mr Christopher Harding is at home and requests the pleasure: Sellafield, between 10 am and 4 pm, any day of the week; just drop in.

The public is being invited to make nuclear site-seeing trips. The intention is to achieve a reaction, of a kind not commonly associated with Sellafield, in the public mind—as a place of industry and quiet normality, where workers sunbathe on the grass and a guide can stand on the pile-cap of an advanced gas-cooled reactor and describe it, affectionately, as a "great, cuddly teddy bear, docile."

Those who take up the invitation will, to judge by the experience of a day's outing this week, find an industry bending over backwards to explain its case and justify its record.

They are also likely to come away feeling that Sellafield is on the defensive, displaying—along with its range of ageing buildings—a sense of being misunderstood.

The invitations — literally stuck on to full page advertisements in the Sunday supplements—are a central part of the £2m television and press campaign designed to win hearts and minds. It has been launched by Mr Harding, chairman of British Nuclear Fuels, which operates Sellafield's nuclear power station and reprocessing plant in Cumbria.

The campaign is the largest public relations exercise undertaken by the British nuclear industry, already beleaguered before the Chernobyl disaster, in the Soviet Union, raised new alarms.

Mr Harding took over the chairmanship on April 1, a fortnight after an all-party committee of MPs had branded Sellafield as a "byword for the dirty end of the industry" and the largest recorded source of radioactive discharge in the world.

Mr Harding moved in, stating that the problems were more a matter of public perception than reality. He said that the restoration of public confidence was the single most important task he faced.

This, it is hoped, will be achieved partly by coaxing people to board, the BNFL bus running a 45-minute guided tour through the one square mile seaside site, between Whitehaven and Millom.

The company wants more visitors to step inside its exhibition centre at Sellafield, a facility of the nuclear industry which has the unlikely distinction of being advertised in brochures scattered around the holiday guest houses of the North West.

Alternatively, by making an appointment in advance, it is open to visitors to arrange a guided tour actually within the Calder Hall nuclear power station and the neighbouring Windscale nuclear fuel reprocessing plant. Sellafield has been running these tours for seven years, bringing in groups of school or university students, boy scouts, Mothers' Union parties, the clergy and overseas visitors.

On Thursday, by advance arrangement, it was the turn of 17 physics and biology sixth-formers from Blyth Ridley High School, in the north-east of England.

They were told about the military origins of the site in an introductory lecture by Philip Graham, one of the centre's information officers — highly experienced, painstakingly thorough and eager to rebut critical questioning of the industry.

Our bus journey to the Calder Hall nuclear reactor 2 took us through part of the 700-acre site, which resembled nothing so much as a vast industrial estate. All around, site and office workers were stripped to their shorts, sunbathing during their lunch breaks. Two games of football were in progress, a local Number 83 bus loaded through the site roads overtaking cyclists and staff who were strolling back to work. There are 11,000 workers on site; they claim another 50,000 jobs in Britain depend on the nuclear industry.

The boys and girls of the school party, Chernobyl still fresh in their minds, stood on the pile-cap of the AGR—10 ft below was the reactor. A 7 ft high-density concrete "thick biological shield" surrounded the reactor, said Mr Graham, assuring them of the AGR's "docility."

Nearby signs declare: "If klaxon sounds, leave pile-cap immediately." Mr Graham pointed out it had never sounded in earnest in 30 years. A rack of tools bearing the notice "Emergency control rod hand-winding equipment" looks strangely archaic.

In the nearby reactor control room, where the switchgear and gauges are robust rather than sleekly fashionable, the pupils were told that the regularly-checked equipment had been in place for almost four decades. "If it ain't broke, don't replace it," said Mr Graham, summarising the basic Sellafield policy.

The atmosphere is less relaxed in the huge Windscale reprocessing plant site. The party had to put on protective outer clothing — white laboratory coats, thick woollen socks and lace-up shoes.

On departure visitors have to remove their footwear and then pivot on a bench, swinging their feet to leave the company zones in the "active area." They are also checked for any radioactive contamination on leaving that area. Workers have to strip and leave all their clothing.

It takes 20 minutes to walk the length of the "active" chemical separation area, a strictly controlled zone. "Only milk bars are allowed in the active area," said our guide, assistant information officer Enid Winter.

In the nearby Magnox reprocessing plant, visitors immediately encounter the unexpected.

First, the sound of a continuous alarm piping a four note scale. This, they are quickly assured, is the normal background to work within that plant: the staff are constantly made aware that the alarm system is working—and when it stops and there is silence is there cause for concern.

Next the visitor sees just inside the door a conventional domestic bath tub filled with water. The "panic bath" is there to enable any worker splashed by chemicals to plunge in—a basic requirement in any chemical plant.

Mr Winter stressed rule one in the nuclear industry: look after yourself. "If that alarm stops I will be the first one out of here," she said cheerfully. "Just follow me."

There is no doubt that, on this occasion at least, the visit left some question marks. Mr Mel Sayers, head of physics at Blyth Ridley, said: "I give them eight out of ten for trying."

But he felt questions remained unanswered on how the industry disposes of waste and whether the series of leaks causing contamination of sea and beaches were as serious as critics of Sellafield claimed. He suggested that the guides, as BNFL employees, could not be wholly objective. "But, having said that, it's good that they are trying to be open," he said.

Belinda Tomlinson, a 14-year-old pupil from St Benedict's School in Whitehaven, has no such doubts. After a week's work experience on the site, working in an office, she would dearly like a job at Sellafield.

"It would be dead nice," she said.

Letters to the Editor

European air fares

From Mr J. Loder

Sir,—Mr Marshall's statement (June 30) of BA's profitability on Atlantic and European routes cannot be challenged since BA does not make public the necessary information.

But I challenge his generalisations about the regulatory environment in which BA operates in Europe. He blames high European air fares on the non-competitive environment enforced by many European governments. He says they prevent airlines "enjoying both the motive and opportunity to raise their efficiency." What motive do European publicly owned airlines need other than efficient service to the public? Is Mr Marshall saying that their lack of motivation is due to their feather bedded status under the European regulatory regime?

Since 1978 consumers and private airlines have been attacking the European flag carriers' greed and inefficiency induced by that regulatory environment. AEA and IATA, the state airline cartels of which BA is such a prominent and enthusiastic member, have done everything possible to support the government regulators and obstruct any change in both the EEC and ECAC. Until recently they denied that the competition rules of the EEC treaty apply to airlines and it is only following the recent judgment of the European Court that AEA has demanded the urgent adoption of EEC measures.

If Mr Marchall's statements about BA's efforts for competition are correct, can he explain why BA is still maintains its cartel practices of agreeing fares and sharing capacity with other airlines in Europe? On routes to France and Italy, British and other governments still demand those practices—even though they are illegal under EEC law.

But on routes between the UK, Holland and Belgium, governments have bilaterally introduced deregulation — the competitive environment exists. Will Mr Marshall explain why BA therefore still operates capacity sharing pool agreements with Sabena and KLM—no other British airline does. And why does BA still agree its fares with those airlines? Is that not restrictive pricing and anti-competitive? If BA competed with KLM and Sabena perhaps it could raise its profits on those routes to the level of the Atlantic routes.

BA may be emulating Avis and "trying harder" to encourage a competitive environment but it does not seem to be trying very hard to implement its alleged competitive philosophies where the environment already exists. But as the secretary general of AEA has recently said, "the whole question is about co-operation or competition." Like AEA, BA seems to prefer co-operation!

As to productivity, will BA give a staffing comparison with those of American Airlines, United or Delta airlines, Singapore Airlines, Lufthansa and Swissair — as a range of reasonable comparisons. Let us have the figures for staff numbers and costs in relation to the numbers of passengers and volume of freight actually carried and number of aircraft in the fleets. BA's productivity may have risen by 60 per cent but that will not mean much if it is still 30 per cent worse than its competitors.

John Loder,
49, Langton Way, SE3

Radiation units

From the Chief Physicist, South West Surrey Health Authority

Sir,—Some nine weeks after the Chernobyl accident, it is time that your reporters Stefan Wagstyl, Kevin Brown and Anna Healy Fenton reported in the correct radiation units. ("Radiation brings curbs on slaughter of sheep," and "Farmers put a brave face on ban," (June 21). The becquerel (abbreviated Bq, not bq or bg) is a unit of radioactivity not the "radiation" arising from the decay of that radioactivity. The safety limits refer to the radioactivity taken up in the meat arising from ingestion of contaminated grass and other foodstuffs by the grazing animal. The absorbed radiation dose to the lamb and to any person eating the contaminated meat is a measure of the energy deposited by the radiation. The unit of absorbed dose is the gray. For protection and estimation of risk purposes, the unit of dose equivalent in sieverts, in many situations numerically equal to grays, is used.

I am sorry to see this lapse of accuracy in your otherwise good coverage of the Chernobyl accident. At a time when people need to be well informed for better public debate of scientific issues, accurate presentation is vital for those who take the trouble to understand the issues. Without informed discussion the benefits and risks of scientific progress will not be generally apparent. All too often scientific developments are presented as a panacea for certain ills and science becomes discredited where there are problems or the initital promise is not realised. This leads to a lack of regard for scientific endeavours and ultimately a lack of scientists to provide the base for industry in a nation relying for the future on the trading of high technology products.

(Professor) P. W. Horton.
St Luke's Hospital,
Warren Road,
Guildford, Surrey.

Telephone costs

From the Corporate Director Chief of Operations, British Telecom

Sir,—Mr Bailey (July 3) took me to task for comparing UK, New York and French telephone charges on the basis of purchasing power parity and for, apparently, not considering the relative traffic densities on the respective telecommunications networks.

For the record, if the calculations are made on direct exchange rates prevailing on April 1 1986, rather than the purchasing power parities which we did use, the figures would have been even more favourable to British Telecom; the small businessman would have paid 27 per cent more in New York and 29 per cent more in France; while the residential customer would have paid 16 per cent more in New York and 83 per cent more in France. You may recall too, that I quoted the independent figures of the European consumer organisations' consortium to reinforce my point.

I accept that tariffs are not a direct measure of efficiency but they remain significant for the customer.

Where I would agree entirely with Mr Bailey is that, eventually, free and fair competition for telecommunications in the UK will provide the true test.

Ian Vallance.
81 Newgate Street, EC1.

A nice fresh egg

From the Scientific and Technical Adviser, Eggs Authority.

Sir,—Peter Fort (June 21) has certainly done his homework and has presented a fairly accurate assessment of eggs available to the consumer. I should, however, like to correct two errors which have crept into his report.

Beak trimming, not removal, is practised where hens are likely to be aggressive towards one another. This is more likely to occur where hens are kept in large groups. When hens are kept in small groups, as is the case in the "battery" system of commercial egg production, beak trimming is often not necessary. Increasing experience in the recent reintroduction of the free range system suggests that beak trimming may be necessary to reduce mortality from aggression in commercial free-range systems.

Hormones are not used in egg production. Where "growth" promoters are used to increase egg production, these are the few antibiotics permitted for routine addition to feeds and they have been thoroughly tested for safety in use. Because some consumers appear to be dissatisfied with such reassurances, some producers are now advertising eggs produced without the use of these substances. Such eggs can readily be produced in battery systems.

Peter Fort asks "but shall I never have a first division egg?" The answer can be "yes" if he buys his eggs from a leading supermarket and keeps them in his refrigerator. In a survey last summer in the county of Kent, we purchased eggs from a range of outlets reflecting the national pattern of outlets where eggs are purchased.

The eggs bought from "large multiples" were, in general above the quality average. Those bought from "other grocers" and "butchers" were, in general, below the average. Eggs bought elsewhere, including those from "farm shops," were around the average quality.

(Dr) Harold Fore.
Union House, Eridge Road, Tunbridge Wells, Kent.

Claiming the credit

From Mr F. Stark

Sir,—Mr Fish (June 23) and Mr Arthur (June 27) are voicing the opinions of many when they criticise governments for claiming to provide resources that are in fact provided by taxpayers.

Local authorities indulge in similar deceptions. Our council (Basildon) has recently permitted the development, much against the wishes of local residents, of a medium-large industrial estate at Wickford.

Councillors of all parties have claimed credit for providing 4,000 jobs locally, when all they have done is to allow a private enterprise to provide places where 4,000 people could work, if other private enterprises can provide the jobs for them.

F. Stark.
178 Southend Road,
Wickford, Essex

Green Belt or inner city

From Mr E. Taylor

Sir,—I must congratulate Mr Alan C. Hollway of Liverpool for his letter (June 27) regarding "Green Belt or inner city." He has hit the nail on the head. These facts have been well known to the countryside dwellers for very many years and it is about time employment was created in the inner cities, where it is needed, instead of the work-force being forced to "emigrate."

Certain areas have without doubt improved environmentally but sitting in the front room of a "back to back" or high rise flat and having a lovely view is not going to provide "jam on the bread." It is about time town planners realised this.

E. Taylor.
58 Mill Street, Macclesfield, Cheshire.

Preferences in spending

From Mr E. Palamountain.

Sir, — Two comments are worth making on Michael Prowse's excellent article of July 1.

The alleged preference of the electorate for higher public spending in health, education, etc. over tax cuts reflects an imperfection in the polling procedure. What the public (every understandably) wants is better health care and education; it does not demand, but merely assumes, that it has to be financed out of taxation. Increasing numbers, however, are beginning to appreciate that in primary and secondary education the private sector does a much better job. As for resources devoted to health, it should be remembered that Americans spend a staggering 13.5 per cent of GNP on health care, but they do not, of course, do it through a national health service.

More generally, the electorally acceptable tax threshhold has of course risen over the years with the level of taxation itself. Before World War I anything above 5 per cent would have been unthinkable in peacetime; today, I suspect, there are no votes to be gained below 25 per cent and precious few below 29 per cent. The Chancellor should take a hard look at the political equation and I feel sure that he is doing so.

Edgar Palamountain.
10 Fleet Street, EC4

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Norwich	5.25	6.55	8.00/7.75/7.50/7.25 High Rise—Instant access/no penalty
Peckham	5.25	6.55	8.00/7.75/7.50/7.25 High Rise, constant access no penalty
Peterborough	5.25	6.55	8.00/7.75/7.50/7.25 High Rise, instant access/no penalty
Portman	5.25	7.50	8.25 Prem.-plus £20,000+, min. £1 7.50, £5,000+ 8.10 3 mths'. notice or 1 month's pen. No notice/pen. on £10,000+ balance
Portsmouth	5.40	6.90	8.45 3-year, 8.25 90-day, 8.05 30-day, 6.95 7-day
Property Owners	5.50	7.25	8.05 £10,000+, 7.75 £5,000+, 7.50 £500+, immediate access
Regency	5.25	—	8.00 £10K+, 7.75 £5K+, 7.55 £2K+, 7.30 £500+ no not./no pen.
Scarborough	5.25	6.50	7.25-8.05 Moneycare Gold minimum £500. No not./pen. Mthly. int.
Skipton	5.25	6.50	8.10 Sovereign £10,000+, 7.85 £5,000-£9,999, 7.50 £500-£4,999 inst. acc.—no pen., mthly inc. £5,000+ 7.85; £2,500+ 7.50
Stroud	5.25	6.50	8.25 2-year; 8.15, 90-day; 7.65 28-day notice
Sussex County	6.00	7.50	8.30 Instant access below £20K, 8.80 £20K and over 8.90 NM
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Yorkshire	5.25	6.25	7.25 Dia. key, £10,000+ wdl. no penalty —£10,000 28 dys' not./pen. 8.10 Plat. key, £10,000+ wdl. no pn., 7.90 —£10,000 60 dys' not./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

M and G stays loyal to McKechnie in bid battle

BY DAVID GOODHART

The hard fought £165m bid by fast-growing Evered Holdings for McKechnie Brothers, the Midlands engineering and plastics group, was last night described as "resting on a knife edge" prior to its Monday 1 pm close.

M and G, the largest institutional shareholder in McKechnie with just under 10 per cent, revealed that it would be staying loyal. Mr Nigel Morrison, a director, said: "We have seen both sides, discussed it thoroughly and, on balance, have decided to side with McKechnie."

Mr Richard Templeton of Robert Fleming, Evered's merchant bank, put a brave face on the M and G decision, saying that it had been expected and that other institutions had pledged their support to Evered. He added that he was still confident of victory but conceded that "it's going to be very close."

Fleming was also active in the market yesterday taking Evered's purchases to over 15 per cent—helped by the fact that McKechnie's share price dropped to 10p below the cash alternative. Purchases and a small number of acceptances now give Evered just under 20 per cent.

Evered was clear favourite to win control when it launched the bid in April but a strong late defence run by McKechnie and the drop in Evered's share price has probably just swung it the other way.

McKechnie has also been aided by the more critical attitude towards takeovers and the recent escape of APV Holdings and Woolworth. As one fund manager said yesterday: "The climate seems to be changing as far as these things go."

McKechnie Brothers was celebrating yesterday as Independence Day and was confident that it had done enough to see off Evered. Defeat could be traumatic for Evered. As one analyst put it, referring to the stakes it will then have in TI and McKechnie, "it will leave them looking more like an investment trust."

McKechnie fell 10p to 230p and Evered fell 10p to 273p.

Common Bros. sells loss-making drillship

By David Goodhart

Common Brothers, the shipping company rescued from financial collapse by shareholders and bankers one year ago, has finally sold for a nominal 100 US dollars the underutilised drillship the Iro Frigg.

The Iro Frigg has been partly responsible for major losses in recent years reaching £20.1m in the year to June 1984. In the second part of 1984 losses touched £17.9m which included an exceptional write-down of the Iro Frigg of £9.66m.

In the six months to the end of last year—following the reconstruction — pre-tax losses had been cut to £630,000 but depreciation, interest and port lay-up costs for Iro Frigg still amounted to £1.915m. Losses on the date of disposal, June 30 1986, are likely to be about the same again.

Mr David Prince, the financial controller of Common Brothers, said he was relieved to be rid of the ship which has "not been much benefit over the past three years."

It has been sold to the Arizonica Shipping Corporation which is however, associated with an un-named "international finance company substantially involved in shipping." Mr Prince said they had probably bought it as "a speculative investment."

The purchaser will take on the Iro Frigg company loan which is secured against the ship. The Iro Frigg has been laid up since July 1983

Hillsdown

Hillsdown Holdings has increased its agreed offer for North Devon Meat, a farmers' co-operative which operates an abattoir and processing facilities, to £3.5m from £3.1m to beat an increase in a rival bid from Meadow Farm Produce.

Hillsdown is now offering 125p cash for every Devon share or five Hillsdown shares for every 11 of Devon. I originally offered 120p cash or a two-for-five share swap.

Anglo-Nordic falls into the red

CURRENCY LOSS provisions and reorganisation costs, together with a small trading loss, were responsible for pre-tax losses of £758,000 at Anglo-Nordic Holdings in the year to March 31 1986, the directors stated. This compared with a profit of £1.52m last time. At the interim stage there were losses of £452,000 against a £252,000 profit.

Turnover for this Hertfordshire-based engineering and property company remained stable at £54.2m (£54.3m), and the directors said the total order book (including the Petbow companies) was currently over £3m. They believed the group was now established on a more logical compatible base and in a position to move forward in the current year.

No final dividend is being recommended (1p last time), which makes a total for the year of 0.4p (1.4p). Losses per 5p share are shown as 4.2p against earnings of 5.7p.

The company made significant write-offs during the year, as part of its major restructuring and reorganisation. The directors added that while most subsidiaries performed at or better than planned, set-backs had been experienced in aircraft ground equipment and power generation activities. This was partly due to the disruption of re-siting H. W. Edghill at Basingstoke and HML Engineering at Uxbridge.

After tax of £104,000 (£226,000), there were extraordinary debits of £411,000 (£5.23m) due to the closure and sale of the Braby Liberpool steel drum business and the rationalisation of power generation activities.

● comment

In its last annual report, Anglo Nordic announced that its accounting year would be changing to year end December because of the majority shareholding of Danish cement maker F. L. Smidth. However, the Petbow acquisition pushed the Smidth holding below 50 per cent, allowing Anglo to continue to report to end March. But whenever these results were reported, they would have been bad news. There is little sign yet that chairman Brian Wolfson has the formula to build a successful industrial conglomerate. The group is now split into three divisions: aircraft ground equipment, generators and others, which includes agricultural equipment and defence telecommunications. Although there are increasing order books in the first two divisions; there still remain cost inefficiencies to eliminate and the others division is unlikely to show spectacular growth. Break-even would be a good performance this year and with gearing at 200 per cent, although due to be reduced by property sales, the shares are unlikely to make much progress from yesterday's 25p.

BIS profit exceeds £4m

Business Intelligence Services, the unquoted group of international information and communications specialists, increased taxable profits from £2.51m to £4.17m in the year to end-February 1986.

Turnover improved from £41.1m to £47.16m and generated operating profits of £3.91m against £3.27m. Retained profits were £1.54m (£1m) after tax of £2.05m (£1.45m), dividends of £355,000 (£298,000), and an extraordinary charge this time of £211,000.

Investment in development, primarily of new and enhanced software products and tools, was virtually maintained at £2.3m (£2.4m). Net liquid funds

Parkfield pays £15m for three private companies

BY DAVID GOODHART

Parkfield Group, the latest addition to the fast-growing mini-conglomerate club, yesterday announced the acquisition of three companies for a total of £14.8m which will more than double its size by turnover.

Parkfield, an engineering and electrical distribution group which, like some other mini-conglomerates, grew out of an iron foundry under the guidance of an entrepreneur, Mr Roger Felber, has been one of the strongest performing USM-quoted companies of recent years.

The companies acquired, all privately-owned, are Lightning Distributors for £6.5m and J and B Labone and RM Fabrications —both owned by March Holdings—for £8.3m.

Lightning acts as a wholesale distributor to the retail trade in records, video cassettes, consumer electronics and computers. Sales and pre-tax profits have grown from £9.2m and £43,000 respectively in the year ended July 31, 1982, to £29.8m and £1.04m for the nine months ended April 30, 1986.

Labone distributes a wide range of heating products and for the year ending March 31 1986 made pre-tax profit of £972,000 on sales of £23m.

RM is involved in high technology manufacturing for the gas industry and has recently developed joint patents with the Gas Engineering Research Stations for joining polyethylene pipe to a wide range of other materials.

For the year to 31 March 1986 it achieved pre-tax profits of £577,000 on turnover of £4m and hopes to expand into the water industry and export markets.

Parkfield is issuing a total of 3.2m new shares — about 40 per cent of the enlarged capital — most of which are going straight to institutions through vendor placings.

The managements are staying on in all companies and it has been agreed that Lightning will loan Parkfield £2.5m at a two per cent interest rate with the timing of repayment dependent upon Lightning's profit performance.

Mr Felber said that all the companies were performing well and would fit well with the existing businesses. He is planning to take Parkfield to the main market later this year.

Its share price yesterday rose 25p to close at 545p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo Nordic	nil	—	1	0.4	1.4
Belgrave Hldgs.	4.5	—	4.2	4.5	4.2
Bertam	0.95	—	1.25	0.95	1.25
Berkeley Technlgy. int.	3†	Nov. 1	2.3	—	6.7
Braithwaite	nil	—	5.1	nil	9.1
Imry Property	3.9	—	3.6	5.7	5.3
Oakwood ...int.	nil	—	2	—	5

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ US cents throughout.

New management team to take 28.5% stake in HB

BY CHARLES BATCHELOR

A NEW management team is to take a 28.5 per cent stake in HB Electronic Components, the USM-quoted components distributor which is currently a subsidiary of Canning, the chemicals and metals group.

A refinancing package, which includes an £828,000 rights issue and an institutional placing of £1.1m worth of shares, will reduce the Canning stake in HB from 83 per cent to 19 per cent.

HB, which will change its name to Rockwood Holdings, plans to embark on an acquisition programme which will expand its distribution business and take it into areas such as computer security and financial and leasing services.

The new management team is led by Mr Tom Forrest, former managing director of Security Centres Holdings, who will be chairman and chief executive of Rockwood.

Its other members include Mr Brian O'Connor, chairman of Holmes Protection, a US-based electronic security group listed in the UK and Mr Michael Scorey, former finance director of Aitken Hume International.

HB, which made its USM debut in February 1983, attempted to acquire Axiom Electronics, part of Coats Patons, late last year but talks were abandoned.

Mr Forrest said HB was too small a company in a very volume sensitive business. The company could double its volume with at most an insignificant increase in costs.

The financial package involves the conversion by Canning of a £300,000 loan into HB equity; a one-for-two rights issue at 35p per share to raise £828,000 before expenses, with the new management taking up its entitlement and contributing £709,000 of the funds raised; and the placing at 41p of 2.69m shares, currently held by Canning, with institutions.

HB's shares were suspended at 78p on Thursday but trading resumed yesterday at 80p.

Hanson Trust may place 100m shares

Hanson Trust is considering the placing of about 100m of its own shares in Britain, the Continent and the Middle East. These shares were issued to help finance the £2.5bn takeover of Imperial Group last April.

Hanson said yesterday it had discussed the possibility of carrying out such a placing with Credit Suisse First Boston, which had handled previous finance raising by Hanson in the Continental markets. The discussions had not been finalised however.

During the course of the battle between Hanson and United Biscuits for control of Imperial, associates of Hanson bought Imperial shares. When Hanson won, it issued its own shares to its associates in return for the Imperial shares they owned.

Alternatives to placing the shares are either leaving them in the hands of the associates or cancelling them. A placing now seems most likely. Hanson has 2.65bn shares in issue.

Berkeley Technology profits beat expectations

Berkeley Technology, the US development capital and corporate finance specialist, made just under $8m pre-tax in the first half of 1986 compared with just over $4m (£2.6m) in the corresponding five months period.

Mr Arthur I. Trueger, the chairman, said the result exceeded expectations. Successes occurred in all three areas of Berkeley's earnings base: fees from placement activities increased, capital gains were realised on the group's own portfolio of development capital assets, and new funds brought under management enhanced future fee and profit sharing income.

Two new development capital funds were completed during the first half. Dunedin Berkeley Development Capital raised $30.5m, predominantly from Scottish investors. JHI Berkeley Development Capital was formed with $50m capitalisation.

Mr Trueger said that $25m of the fund's capital was being utilised to purchase stakes in companies from the existing portfolios of Berkeley's investor clients.

"The addition of annual fee on managed funds, as well as an annual and recurring yield on several investments, has broadened our base of revenues," he added.

Fee income during the interim period totalled $5.67m ($3.65m for five months), and total income amounted to $7.3m ($5m). Operating profits were $5.55m ($4.07m), but the pre tax balance benefited this time from $2.44m profits on realisation of investments.

Earnings per 5 cents share were 11.2c (5c) and the interim dividend is raised by 0.7c to 3c. The company is based in Jersey Channel Islands.

Oakwood slips in first half

Oakwood Group, sanitaryware wholesaler and civil engineer reported slightly lower pre-tax profits of £66,000 for the half year to March 31 1986, against £68,000 last time. Turnover slipped from £6.36m to £5.55m.

The interim dividend has been omitted, but the board said there would be a payment for the year as a whole. Last year, an interim of 2p net was followed by a final of 3p.

After tax of £23,000 (£22,000) first-half earnings per 25p share dropped from 2.3p to 2.15p.

The directors said satisfactory profits from civil and electrical contracting were again eroded by the results from the wholesaling of building materials.

Progress had been made both in enhancing the management structure and premises of the wholesaling activities. But the directors said it would take time for the effect of these actions to be reflected in earnings.

The future shape of this part of the group's business would be improved when full year results were announced, they added.

Net tangible assets per share were 173p (176p).

BET offer succeeds

BET, the international services company, has declared its £35m offer for Shorrock, the security concern, unconditional after winning control of 50.8 per cent of Shorrock.

Since the offer was announced last month, BET has bought 3.6m Shorrock shares (14.9 per cent) and has received acceptances in respect of 8.61m shares (35.8 per cent).

A. F. Bulgin

A. F. Bulgin & Company, maker of electronic and electrical components, made slow but steady progress in the year to January 31, 1986.

On a little changed turnover of £8.88m (£8.84m), pre-tax profits rose from £183,000 to £234,000. The result was struck after exceptional costs of £225,000 (£191,000).

Following the omission of the interim last year the year's final there is a nominal final payment this time of 0.1p (0.58p interim in 1984-85). Stated earnings per 5p share increased from 0.36 to 0.54p.

Tax took £82,000 (£87,000) and there were much higher extraordinary charges of £455,000 (£7,000).

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri July 4 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs July 3 Index No.	Weds July 2 Index No.	Tues July 1 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	744.11	-0.3	8.15	3.29	15.65	9.06	746.21	747.81	749.82	494.84	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	823.15	-0.1	8.38	3.47	15.02	11.47	828.86	829.26	824.89	501.85	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (30)	1272.35	-0.5	7.51	3.58	18.22	18.81	1278.13	1280.78	1270.87	754.76	1280.78	2/7	911.08	23/1	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1912.39	-0.3	7.59	3.98	17.48	33.82	1918.38	1924.51	1913.26	1341.29	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1673.74	-0.3	9.09	2.82	14.67	11.76	1679.59	1695.08	1727.83	1287.30	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.61	8/10/85
6	Mechanical Engineering (62)	418.26	-0.6	9.11	3.65	13.97	6.40	420.84	420.30	421.35	285.70	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	375.70	-0.6	7.71	3.79	16.52	5.01	377.94	380.80	377.23	186.08	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	320.33	-0.7	8.23	3.02	14.16	3.78	322.48	321.42	320.57	161.34	322.48	3/7	206.50	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (22)	1333.30	+0.3	6.16	2.99	19.56	16.09	1329.88	1328.64	1327.45	922.10	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	944.52	-0.3	7.56	3.10	16.65	11.89	947.42	944.12	946.64	649.27	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	953.95	+0.8	9.00	3.35	13.57	11.16	951.62	962.62	975.21	614.27	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (22)	697.09	-0.5	9.06	3.74	14.43	11.43	700.70	699.35	700.31	499.73	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1843.92	-0.2	6.23	2.74	21.91	16.08	1846.89	1830.85	1824.63	1522.43	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1612.91	-0.5	5.18	2.14	22.76	11.71	1621.73	1597.91	1593.06	1031.75	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (26)	901.80	-1.1	7.89	3.91	16.49	14.13	911.77	915.56	922.32	613.60	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2655.71	+0.6	7.24	3.76	17.84	47.27	2639.53	2609.71	2585.78	1715.27	2655.71	4/7	1834.16	9/1	2655.71	4/7/86	55.08	6/1/75
33	Packaging and Paper (14)	491.52	+0.1	6.70	3.23	19.44	6.75	491.01	490.80	495.35	331.80	495.35	1/7	362.52	9/1	495.35	1/7/86	43.46	6/1/75
34	Stores (41)	899.86	-0.8	6.67	2.75	20.41	10.41	906.81	907.97	909.15	624.41	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	566.54	-0.9	9.12	3.41	12.69	8.01	571.82	571.62	574.78	329.86	574.78	1/7	375.50	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1166.04	—	12.23	4.20	9.17	20.60	1165.62	1138.38	1149.36	849.45	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (87)	804.93	-0.4	8.36	3.88	15.37	8.33	808.43	806.58	805.87	653.74	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	928.85	—	9.84	4.37	12.32	17.41	929.26	928.82	928.50	722.82	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	254.53	-0.1	7.30	4.00	16.56	4.59	254.81	254.02	257.45	170.13	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (12)	1523.27	+0.2	7.68	4.12	16.40	25.72	1520.94	1527.32	1517.09	1109.16	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	868.53	-0.6	9.75	4.23	14.00	2.53	873.49	878.93	883.40	804.08	1050.03	4/4	845.68	21/1	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1100.16	-0.7	6.04	3.09	20.73	11.65	1108.24	1091.87	1083.22	812.66	1108.24	3/7	866.26	9/1	1108.24	3/7/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	867.79	-0.3	7.91	3.34	16.06	10.36	870.66	869.15	870.74	616.61	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1191.71	-1.0	17.17	7.59	6.97	41.46	1203.68	1218.42	1221.57	1138.40	1228.81	26/6	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	897.25	-0.4	8.05	3.77	14.18	12.81	900.83	900.56	902.28	660.26	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	621.10	-0.1	—	4.30	—	11.00	621.98	624.72	624.38	471.83	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	658.22	-0.7	16.76	5.35	8.28	14.03	663.19	663.75	663.45	497.81	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	903.38	+0.5	—	4.13	—	17.27	898.53	903.53	905.82	732.38	906.18	11/3	765.18	23/1	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	497.37	+0.3	—	4.17	—	9.46	495.99	495.14	493.43	365.32	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1177.01	-0.1	3.68	4.05	14.73	23.40	1177.32	1186.98	1186.52	1034.07	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	371.23	-0.2	—	2.93	—	4.56	372.15	382.52	390.22	226.31	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (50)	803.66	-0.1	5.60	3.41	24.55	10.62	804.50	805.95	802.63	596.51	805.95	2/7	635.84	23/1	805.95	2/7/86	56.01	20/4/65
70	Other Financial (22)	352.96	-0.2	7.77	4.35	15.81	4.37	353.62	357.70	354.84	270.65	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (103)	767.69	—	—	2.97	—	9.54	767.27	764.88	762.83	571.85	767.69	4/7	633.36	14/1	767.69	4/7/86	71.12	13/12/74
81	Mining Finance (3)	272.12	-0.7	13.16	5.36	8.84	6.11	274.02	277.40	274.55	270.35	231.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	696.74	-0.4	10.29	6.24	10.91	19.57	699.67	704.54	707.32	631.80	707.32	1/7	597.55	2/1	707.32	1/7/86	97.37	6/1/75
99	ALL-SHARE INDEX (737)	816.0[illegible]	-0.3	—	3.86	—	12.18	818.37	819.29	820.28	607.21	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 3	July 2	July 1	June 30	June 27	Year ago	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	1649.4	-6.8	1653.9	1647.8	1656.2	1656.7	1660.8	1649.8	1639.1	1260.0	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

PRICE INDICES	Fri July 4	Day's change %	Thurs July 3	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	125.29	+0.10	125.16	0.16	6.70
2 5-15 years	144.83	+0.50	143.50	—	6.[illegible]
3 Over 15 years	152.93	+0.97	151.63	0.[illegible]	7.[illegible]
4 Irredeemables	169.85	-0.39	169.36	—	7.27
5 All stocks	139.36	+0.52	138.55	0.10	6.85
Index-Linked					
6 5 years	113.24	+0.10	112.91	—	1.16
7 Over 5 years	116.95	+0.20	116.72	—	1.34
8 All stocks	116.26	+0.21	116.02	—	1.55
9 Debentures & Loans	120.42	-0.31	120.04	—	6.71
10 Preference	87.65	+1.37	86.63	—	3.53

AVERAGE GROSS REDEMPTION YIELDS	Fri July 4	Thurs July 3	Year ago (approx.)	1986 Highs		1986 Lows	
British Government							
1 Low Coupons 5 years	7.89	7.79	10.21	10.26	20/1	7.37	18/4
2 Low Coupons 15 years	8.83	8.92	10.48	10.65	20/1	8.32	18/4
3 Low Coupons 25 years	8.86	8.97	10.16	10.66	20/1	8.33	18/4
4 Medium Coupons 5 years	9.30	9.40	11.28	11.29	14/1	8.58	18/4
5 Medium Coupons 15 years	9.11	9.22	10.79	11.15	20/1	8.91	18/4
6 Medium Coupons 25 years	9.12	9.22	10.34	10.74	20/1	8.58	18/4
7 High Coupons 5 years	9.20	9.26	11.35	12.07	20/1	8.73	18/4
8 High Coupons 15 years	9.22	9.28	10.97	11.32	20/1	8.80	18/4
9 High Coupons 25 years	9.15	9.27	10.53	10.81	20/1	8.73	18/4
10 Irredeemables	8.81	8.84	9.98	10.35	27/1	8.38	18/4
Index-Linked							
11 Inflation rate 5% 5 yrs	3.83	3.93	0.0	5.18	14/1	3.24	29/4
12 Inflation rate 5% Over 5 yrs	3.67	3.68	0.0	4.01	20/1	3.26	13/5
13 Inflation rate 10% 5 yrs	2.64	2.73	0.0	4.23	14/1	2.11	29/4
14 Inflation rate 10% Over 5 yrs	3.32	3.32	0.0	3.25	14/1	3.09	19/5
15 Debs & Loans 5 years	9.92	10.02	11.87	12.78	27/1	9.88	22/4
16 Debs & Loans 15 years	10.35	10.35	11.70	11.93	27/1	9.79	22/4
17 Debs & Loans 25 years	10.32	10.35	11.54	11.63	27/1	9.69	17/4
18 Preference	12.43	13.57	12.54	12.18	24/2	10.38	9/6

♦ Opening index 1653.9; 10 am 1651.7; 11 am 1650.8; Noon 1647.8; 1 pm 1648.9; 2 pm 1648.2; 3 pm 1648.8; 3.30 pm 1648.8; 4 pm 1649.0.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGES: Morgan Grenfell Group (68) inserted, no deletions.

Warner Holidays cuts loss

Warner Holidays, a subsidiary of Grand Metropolitan, cut pre-tax losses from an adjusted £1.64m to £1.27m in the six months to March 31, 1986.

Traditionally, the autumn and winter period is one of low activity and although there was increased turnover of £2.86m (£1.99m), the half-time losses were in line with expectations.

Comparative results were adjusted for discontinued activities and also reflected the change in the allocation of advertising costs between summer and winter seasons.

Interest payable was lower at £103,000 (£363,000). After a tax credit of £647,000 (£607,000) losses per share came to 0.72p (1.65p).

Rugby Portland

Rugby Portland Cement subsidiary, John Carr (Doncaster) has acquired Rothervale Joinery for £6m cash from Henry Boot & Sons. At the same time, Rothervale's fellow subsidiary, Rothervale Trading, which operates 40 joinery distribution centres throughout the UK, was acquired by Mallinson-Denny.

Rothervale Joinery makes standard doors, windows and purpose built joinery and had sales of £16m in 1985.

Watsham's

Watsham's is to acquire Cambac Instruments, a distributor of disposable medical products. The initial consideration is £1.05m in cash with a further cash consideration dependent on future profit performance. The value of net assets acquired is £450,000.

BBB Design joining the USM with £5.5m value

BY RICHARD TOMKINS

BBB Design, a graphic design, marketing and publishing group, is to become the latest "people" business to join the unlisted securities market through a placing of 2.7m shares at 67p a share.

The issue has been arranged by Granville, the investment bank and issuing house, and puts a value on the company of £5.5m.

BBB came under the full ownership of Mr Philip O'Donnell, chairman and chief executive, in 1980. Its main activity is designing magazines, brochures, financial reports, promotional literature and packaging.

More recently it has set up BBB Marketing as a sales promotion agency. BBB Publishing as a specialist contract publisher, and BBB Communications, a computer services company.

Profits progress has been spasmodic: a spurt to £588,000 in the year to last April was preceded by three sluggish years at around £300,000. The directors say turnover in the current year is ahead and orders are encouraging, but there is no profits forecast. The historic p/e multiple is 16.1.

BBB enters the USM heavily borrowed with the pro-forma balance sheet showing bank loans and overdrafts of £256,000 compared with shareholders' funds of £555,000. The company says this is because payments have had to be made to discharge Mr O'Donnell's tax liabilities in connection with the placing.

Of the £1.8m proceeds of the issue, some £1.2m will go to Mr O'Donnell leaving about £390,000 net of expenses for the company. The directors say a USM placing will enhance the group's status and help generate business.

M. Brown bid judgment reserved for two weeks

Matthew Brown, the Blackburn-based brewer, will have to wait up to a fortnight to learn whether its High Court attempt to fend off a renewed take-over bid by Scottish & Newcastle Breweries has succeeded.

Mr Justice Macpherson yesterday reserved judgment on a move by Matthew Brown, brewers of Theakstons ales, to overturn a Monopolies Commission report which cleared the way for a fresh bid from Scottish & Newcastle.

The judge said he would give a decision "within the next two weeks" on Matthew Brown's claim that the Commission failed to give it the chance to reply to evidence submitted by S & N.

S. & N's. £100m bid for Matthew Brown, which has 527 pubs, mostly in the north west, was referred to the commission in April last year.

After an investigation, the commission reported that the bid was not contrary to the public interest. The decision cleared the way for a renewed bid at the end of 12 months from the expiry of the original offer. Under this rule, S. & N. will be free to bid again in December this year.

COMPANY NEWS IN BRIEF

WILLOUGHBY'S Consolidated, Zimbabwe rancher which is a Lonrho subsidiary reported pre-tax profits for the six months to end-March 1986 substantially higher at £448,000 (£49,000) on turnover higher at £751,000 (£497,000).

OCEANA DEVELOPMENT Investment Trust earned a net £116,774 (£16,992) in the year to end-March 1986. Net asset value per share at year-end was £272.6p (67.5p). Dividend 1.7p on enlarged rights capital against 3.9p.

JOSEPH HOYLE & Son, woollen spinner and cloth manufacturer, £301,000 (losses £48,000) pre-tax in year to March 29 1986. Turnover totalled £6.44m (£4.72m). Earnings amounted to 35.98p (losses 2.18p). The company is a subsidiary of Lister & Co.

PROPERTY TRUST: A group of private investors has acquired 14.03m (6.1 per cent) shares in the company at 4.5p each. Braemar Investments, which last week acquired a 16.5 per cent interest in Property Trust, intends to use it as a vehicle for substantial property investments, dealings and development. The share price has more than doubled since the raised £2.26m, closed two weeks ago.

DWYER AND CO. has exchanged contracts to acquire a portfolio of investment properties from the British Land Company for £5.35m. The portfolio comprises an office block in Central London, two industrial investments in Newport Pagnell and Norfolk, and a retail/office property in Sheffield. The acquisition will be satisfied by a cash payment of £1.44m and a mortgage from British Land over the balance of £3.91m. Dwyer has requested a temporary suspension of dealings pending approval of the transaction by its shareholders.

AMALGAMATED FINANCIAL Investments made £123,0[illegible] (£225,066) pre-tax in year to end-March 1986. Tax was £[illegible] (£21,584) and there was £305,795 extraordinary provision against amounts due from company's Nigerian associate, recoverability of which is now doubtful. No dividends have yet been paid.

LADBROKE INDEX
1,354-1,360 (—7)
Based on FT Index
Tel: 01-427 4411

INTERNATIONAL COMPANIES and FINANCE

VW plans big increase in capital

BY DAVID BROWN

VOLKSWAGEN, the West German motor group, yesterday announced a surge in first-half volume deliveries, and tabled plans for a series of large capital raising exercises starting this month.

In the first stage, the group will seek to raise $150m through an issue on the Eurobonds market within the next few weeks.

This will be followed (most likely later this year) with a 25 per cent increase to DM 1.5bn in the equity capital through the issue of 6m non-voting preference shares. These have a current market value of DM 3bn ($1.4bn).

Volkswagen said the issue was aimed at improving its equity to turnover ratio which following recent growth had sunk too low.

The state of Lower Saxony, VW's home state which holds a 20 per cent stake in the group, is not expected to subscribe to the share issue.

The Federal Government with a further 20 per cent share, has recently announced plans to sell its 20 per cent holding by 1988 as part of its privatisation campaign.

Dr Carl Hahn, chief executive, reiterated the group's forecast that group earnings would stabilise at last year's level of DM 595.6m.

However, parent company net profits for the first half of 1986 appeared to have improved on a provisional 6.5 per cent rise in sales to DM 21.3bn for the six months. Moreover, Dr Hahn revised upwards his forecast for volume deliveries for the whole of 1986 from 2.5m to 2.85m units.

VW/Audi sold 1.34m vehicles in the six months ending June, up from 1.2m—its best half-year result since 1979.

The 11.5 per cent volume sales increase was attributed largely to strong domestic markets, as well as good demand elsewhere in Europe, in the US and Brazil. The Mexican and Nigerian markets remain weak, however.

Dr Hahn indicated that the group would move to strengthen its position on the North American market, while cutting its engagement in Latin America, but gave no further details.

VW also plans to invest a total of some DM 6.7bn to modernise its newly-acquired Seat facilities in Spain by 1995, and does not expect the operation to generate income for the next five years.

Efim finance chief suspended

BY A SPECIAL CORRESPONDENT IN ROME

MR PAOLO PAOLONE, finance director of Efim, Italy's smallest state holding corporation, has been suspended from duty following revelations of losses made on foreign currency operations during 1985. The move recalls events last July, when the finance director of ENI, the state-owned hydrocarbons corporation, lost his job in the wake of currency dealings on the day before the lira's surprise devaluation.

Mr Clelio Darida, the minister responsible for state investments, has criticised Efim's foreign currency operations, particularly the conversion of dollar loans into Ecus, in an operation in April last year.

Efim said yesterday that foreign exchange losses at group level were L178bn ($119m) in 1985. Of this amount, L110bn was attributable to the dollar/Ecu swap. The exchange losses, shown in last year's annual report, include those incurred on loan repayments made during the year, together with provisions for losses on future repayments.

A panel of outside auditors will shortly start a review of Efim's financial activities and will look closely at the swap operation. Mr Paolone is suspended for the duration of the panel's work, which is expected to last about a month.

Efim's manufacturing activities includes Agusta Helicopters, FIB, the glass-making company, Oto Melara in the defence field and MCS the aluminium group. In 1984, the group suffered a loss of L581bn, and figures for last year points to losses of L501bn. This year Efim expects to reduce its loss to about L250bn, and has budgeted for low foreign exchange losses.

F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at June 30, 1986 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at June 30, 1986 (£m.)	% of all share index	Market capitalisation as at March 27, 1986 (£m.)	% of all share index	Market capitalisation as at Dec. 31, 1985 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	(213)	51,412.3	18.34	48,999.5	17.73	38,222.3	16.56
2	Building Materials	(26)	8,781.9	3.13	8,647.6	3.13	6,306.5	2.73
3	Contracting, Construction	(30)	4,402.3	1.57	3,852.2	1.40	3,020.5	1.31
4	Electricals	(12)	1,576.1	0.56	1,586.8	0.57	1,253.0	0.54
5	Electronics	(38)	12,882.5	4.60	11,983.7	4.34	10,321.9	4.47
6	Mechanical Engineering	(62)	8,863.4	3.16	8,936.1	3.23	6,910.8	2.99
8	Metals and Metal Forming	(7)	1,489.8	0.53	1,208.1	0.44	891.9	0.39
9	Motors	(16)	4,211.1	1.50	4,015.0	1.45	2,784.1	1.21
10	Other Industrial Materials	(22)	9,205.2	3.29	8,770.0	3.17	6,733.6	2.92
21	CONSUMER GROUP	(183)	97,871.9	34.92	98,610.1	35.69	79,328.2	34.36
22	Brewers and Distillers	(22)	14,811.8	5.28	15,112.0	5.47	12,513.1	5.42
25	Food Manufacturing	(22)	12,103.8	4.32	11,552.9	4.18	9,984.0	4.32
26	Food Retailing	(15)	9,180.0	3.28	9,236.3	3.34	8,529.9	3.70
27	Health and Household Products	(10)	16,700.1	5.97	16,288.0	5.89	11,643.4	5.04
29	Leisure	(26)	6,341.5	2.26	6,259.3	2.27	4,911.4	2.13
32	Publishing and Printing	(14)	4,272.2	1.52	3,477.4	1.26	1,649.5	0.72
33	Packaging and Paper	(14)	2,578.6	0.92	2,232.8	0.81	2,441.1	1.06
34	Stores	(41)	21,745.2	7.76	21,999.4	7.96	18,362.9	7.95
35	Textiles	(17)	3,736.5	1.33	3,567.7	1.29	2,455.5	1.06
36	Tobaccos	(2)	6,402.2	2.28	8,884.3	3.22	6,837.3	2.96
41	OTHER GROUPS	(88)	46,278.0	16.51	45,982.3	16.64	40,597.9	17.58
42	Chemicals	(21)	10,174.8	3.63	9,972.6	3.61	8,068.2	3.49
44	Office Equipment	(4)	1,399.8	0.50	1,337.6	0.48	1,100.3	0.48
45	Shipping and Transport	(12)	3,663.3	1.31	3,584.3	1.29	2,777.1	1.20
47	Telephone Networks	(2)	16,839.1	6.00	19,163.9	6.94	16,941.4	7.34
48	Miscellaneous	(49)	14,201.0	5.07	11,923.9	4.32	11,710.9	5.07
49	INDUSTRIAL GROUP	(483)	195,562.2	69.77	193,591.9	70.06	158,148.4	68.50
51	Oil and Gas	(17)	22,938.2	8.18	21,973.0	7.95	21,085.0	9.13
59	500 SHARE INDEX		218,500.4	77.95	215,564.9	78.01	179,233.4	77.63
61	FINANCIAL GROUP	(116)	44,447.1	15.86	43,267.4	15.66	36,291.6	15.72
62	Banks	(7)	13,398.1	4.78	13,254.5	4.80	9,764.5	4.23
65	Insurance (Life)	(9)	6,858.0	2.45	6,342.6	2.30	5,758.4	2.49
66	Insurance (Composite)	(7)	7,732.4	2.76	7,751.9	2.80	6,271.4	2.72
67	Insurance Brokers	(9)	2,565.3	0.92	2,575.4	0.93	2,438.2	1.06
68	Merchant Banks	(11)	2,553.8	0.90	2,158.3	0.78	1,710.3	0.74
69	Property	(50)	7,950.0	2.84	7,728.1	2.80	6,981.2	3.02
70	Other Financial	(23)	3,389.5	1.21	3,456.6	1.25	3,367.6	1.46
71	Investment Trusts	(103)	12,285.0	4.38	12,076.9	4.37	10,900.3	4.72
81	Mining Finance	(3)	2,782.0	0.99	3,214.0	1.16	2,480.9	1.08
91	Overseas Traders	(14)	2,279.4	0.82	2,195.3	0.80	1,969.1	0.85
99	ALL-SHARE INDEX	(736)	280,293.9	100.0	276,318.5	100.0	230,875.3	100.0

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Allied Lyons (*340)	300	43	55	65	1	5	8
	330	17	38	48	6	18	20
	360	4	20	28	25	32	34
B.P. (*538)	500	82	95	108	1	6	10
	550	35	53	70	4	18	25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Aug.	CALLS Nov.	CALLS Feb.	PUTS Aug.	PUTS Nov.	PUTS Feb.
P. & O. (*513)	460	62	75	—	3	8	—
	500	32	50	58	9	25	30
	550	9	22	37	45	55	58
	600	3	11	—	90	95	—
Racal (*189)	180	17	24	32	8	11	14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 4. Total contracts 16,257. Calls 9,585. Puts 6,672

Provisional liquidator for City Securities

By Chris Sherwell in Singapore

DIRECTORS of City Securities, the troubled Singapore broking house, last night began final frantic efforts to rescue the firm after a court appointed a provisional liquidator earlier in the day.

The court order followed an out of court understanding between City and its 28 bank creditors. City had petitioned on Thursday for a 14-day injunction protecting it from its creditors. Citibank and American Express, the two US banks named by City, contested the move.

Under the compromise, the appointment went ahead of Deloitte Haskins and Sells as provisional liquidators, and they were in turn expected to keep alive the chances of a rescue by a foreign takeover.

Talks then began with the Stock Exchange authorities in an attempt to end the confusion surrounding their policy over foreign participation in a local brokerage.

Earlier this week, the exchange rejected a proposed 100 per cent takeover of City by Sun Hung Kai, the Hong Kong based firm which has a dealing office in Singapore. Unfortunately for City, the development coincided with the expiry of a four-month standstill agreement with its bankers.

According to the bankers, the exchange said the "current policy" was to allow only 49 per cent foreign ownership of local firms. However, it is known that this policy is under review, and even the Monetary Authority of Singapore, the island state's powerful financial regulatory agency, favours majority foreign stakes in local brokerages provided this brings in new business.

Few people now doubt that the MAS and the exchange are at odds over the issue, with the Big Four local banks, which dominate the exchange's supervisory committee, anxious to protect the competitive position of the new broking firms they established this year.

Intriguingly DBS Bank, one of the four, yesterday joined Citibank and American Express as one of the creditors wanting City wound up. This added a further confusing dimension to the affair, as DBS is state controlled.

Technically, Deloittes' responsibility is now to protect the interests of City creditors. But some of City's bankers—better secured than Citibank or American Express — believe that their losses would still best be minimised if a takeover of City could be arranged.

It now seems likely that City will try to submit a proposal for a foreign takeover either from Sun Hung Kai or some new party, in the hope of an early change of policy and a deal negotiated through the provisional liquidator rather than the divided banks.

City's troubles stem largely from its involvement in forward contracts and the collapse of the Singapore stock market following the three day closure last December in the wake of the Pan-Electric affair.

Goodman Fielder disposals

By Gordon Cramb

GOODMAN FIELDER, the Australasian food group formed as a result of a three-way merger earlier this year, has sold two sizable minority shareholdings in order to raise funds and rationalise its business.

It shed its entire 20 per cent holding in Arnotts, Australia's leading biscuit maker, for A$104.8m (US$66.5m). Most of this was taken up by institutions but Campbell Soup of the US, which in March 1985 took a 10 per cent stake in Arnotts, paid some A$13.7m for a further 3 per cent parcel.

The disposal was made through Allied Mills, the third member of the group, which includes Goodman of New Zealand and Fielder Gillespie Davis, the smaller Australian company which last November initiated the merger.

Goodman Fielder has also received NZ$41.7m (US$22.1m) from the sale of its 24.8 per cent holding in Newmans Group, the New Zealand transport and tourism operator which last month revealed plans for a new airline serving New Zealand domestic routes.

The buyer, Rada Corporation, is a quoted affiliate of New Zealand Forest Products. It paid NZ$2.80 a share for the stake, a price at which it also picked up further Newmans stock to take its total entitlement to some 33 per cent.

Newmans is to launch the still unnamed airline in conjunction with Brierley Investments, Mr Ron Brierley's New Zealand master company, and Ansett, the private Australian internal carrier.

Arnotts, meanwhile, retains for the moment its 12.4 per cent holding in Goodman Fielder, which in turn has cross-holdings of roughly 15 per cent with Mr John Elliott's Elders IXL. All are relics of an unstable pattern of minority interests held within the Australian food and beverage sector ahead of the creation of Goodman Fielder.

Goodman shares rose 7 cents in Sydney to A$3.52, while those of Arnotts closed at A$4.40 compared with the A$4.50 price at which the Goodman holding changed hands.

Ericsson happy to wield its AXE

BY JANE RIPPETEAU

TEMPORARILY eclipsed by the telecommunications union announced this week between CGE of France and ITT of the US is L.M. Ericsson of Sweden.

But the company does not seem too worried by the mega-deal-in-the-making. Indeed, a request for comment on the transaction in which CGE and ITT will own a joint company pooling their products was greeted initially with chuckles.

"It is quite an interesting solution, but there are so many different wills in the companies involved," says Mr Carl-Henrik Strom, Ericsson's vice president for corporate market co-ordination.

The union will include three different designs for the current generation of computerised telephone switching systems, and welding them together would be difficult to do, he says. Yet the alternative is "the problem of keeping all the systems alive." Some $100m to $200m annually is needed to update the $1bn machines.

Mr Strom has reason to crow. His company has achieved what ITT has failed to do with digital switches in the key US market.

European manufacturers collectively have spent about $7bn developing about half-a-dozen different switching systems, according to Dataquest UK, yet none of their national markets is large enough to support the costs. All have had their eye on the US. But the difficulties of adapting to US standards and to the demands of the deregulated Bell operating companies for advanced phone functions stumped ITT and it pulled out.

Ericsson has some recent coups in the US market. Units of two of the seven regional Bell holding companies selected Ericsson's digital switch, the says a third agreement is imminent.

Only Siemens of West Germany, with its EWSD switch, has surpassed that. Deals with four Bell companies include an actual invitation to bid on the next round of switch orders for Ameritech in Chicago. At present, American Telephone and Telegraph and Northern Telecom dominate the US market worth some $4.5bn a year in digital so-called central office switch purchases.

Ericsson has already sold the AXE in 64 countries, including Saudi Arabia and the UK. It is making a renewed pitch in France, where the Government wants to replace the troubled CGCT as supplier for 16 per cent of the market.

The top contender has been a joint venture between AT & T and Philips of the Netherlands. Philips dropped the costly development of its own digital switch and took on AT & T's 5 ESS machine, adapting it to European standards. Recently, the French opened up talks to other suppliers and Ericsson rushed in.

But it, too, is worried by future development costs. It is estimated that the next generation of switching machines could cost $2bn or more to develop. And Ericsson finished 1985 with pre-tax profits down 65 per cent — a large share of that stemming from its telecommunications business, which accounts for one-third of the company's sales.

Asked recently, Mr Strom did not rule out a joint alliance of the sort his competitors are forming. Yet, he believes: "We would have nothing to get in technology and only a bit in marketing. But we could do with the money. All of this

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar falls again

The dollar fell to its lowest closing level ever against the Japanese yen in very quiet trading yesterday. There was virtually no business at all because US markets were all closed for Independence day. In addition the market showed little enthusiasm to trade ahead of tomorrow's general election in Japan. The dollar has touched a lower trading level against the yen but yesterday's close of Y160.50 was its lowest finishing level ever and was down from Y161.35 on Thursday.

The dollar remained depressed by growing evidence that the US economy was showing signs of stagnating, underlined by disappointing leading indicators and factory orders. There was growing speculation that the US authorities would cut the discount rate in the near future, prompting a cut in Japanese rates. West Germany has recently shown its reluctance to cut rates but may have to fall into line to remain competitive.

Against the D-mark the dollar was little changed at DM 2.1755 from DM 2.1735 and SFr 1.7650 compared with SFr 1.7670. Against the French franc it slipped to FFr 6.9475 from FFr 6.95. On Bank of England figures, the dollar's exchange rate index fell from 112.6 to 112.4.

Sterling was slightly weaker overall in very lacklustre trading. Its exchange rate index opened unchanged at 76.2 but eased towards the close to 76.0. Against the dollar it fell to $1.5370 from $1.5460 and DM 3.3450 compared with DM 3.36. Against the yen it slipped to Y246.75 from Y249.56 and SFr 2.7125 compared with SFr 2.7325. In terms of the French franc it fell to FFr 10.6775 from FFr 10.7450.

£ IN NEW YORK

July 4	Latest	Prev. close
£ Spot	$1.5455-1.5475	$1.5465-1.5475
1 month	0.45-0.40 pm	0.43-0.42 pm
3 months	1.18-1.12 pm	1.19-1.16 pm
12 months	3.95-3.85 pm	4.02-3.92 pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 4	Previous
8.30 am	76.2	76.2
9.00 am	76.2	76.3
10.00 am	76.2	76.3
11.00 am	76.2	76.3
Noon	76.2	76.2
1.00 pm	76.2	76.3
2.00 pm	76.1	76.3
3.00 pm	76.0	76.3
4.00 pm	76.0	76.2

POUND SPOT—FORWARD AGAINST POUND

July 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5365-1.5470	1.5365-1.5375	0.44-0.41c pm	3.32	1.21-1.16 pm	3.08
Canada	2.1235-2.1339	2.1235-2.1275	0.37-0.27c pm	1.81	0.82-0.68 pm	1.41
Nethlnd	3.75¾-3.78¼	3.75¾-3.76¾	1⅛-1⅛c pm	3.99	[illegible]	[illegible]
Belgium	68.35-68.83	68.35-68.45	22-16c pm	3.33	54-46 pm	[illegible]
Denmark	12.41½-12.49	12.41½-12.42½	2⅞-1ore pm	1.81	[illegible]	[illegible]
Ireland	1.1090-1.1145	1.1100-1.1110	0.10-par p pm	0.54	5 pm-5 dis	—
W. Ger.	3.34-3.36	3.34-3.35	1⅞-1⅝pf pm	5.83	[illegible]	[illegible]
Portugal	227.53-230.12	227.53-229.22	65-220c dis	−7.26	205-650dis	[illegible]
Spain	213.52-214.41	213.52-213.81	75-125c dis	−5.62	80-340 dis	[illegible]
Italy	2292¼-2306½	2292¼-2293½	2-7 lire dis	−2.35	5-15 dis	[illegible]
Norway	11.42¼-11.50¾	11.42¼-11.43¼	3⅛-4⅛ore dis	−4.01	[illegible]	[illegible]
France	10.67¼-10.74	10.67¼-10.68¼	3-2⅞c pm	3.02	[illegible]	[illegible]
Sweden	10.87¼-10.93¼	10.87¼-10.88¼	⅛ dis-⅛ore pm	−0.07	[illegible]	[illegible]
Japan	246¼-249	246¼-247¼	[illegible]	[illegible]	[illegible]	[illegible]
Austria	23.51-23.61	23.51-23.54	11⅛-9⅞gro pm	5.35	[illegible]	[illegible]
Switz.	2.71¼-2.73	2.70¾-2.71¾	1⅞-1⅝c pm	5.53	[illegible]	[illegible]

Belgian rate is for convertible francs. [illegible]
Six month forward dollar [illegible]

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5365-1.5460	1.5365-1.5375	0.44-0.41c pm	3.32	1.21-1.16 pm	[illegible]
Ireland†	1.3875-1.3917	1.3885-1.3895	0.50-0.25c pm	3.02	1.10-0.70 pm	[illegible]
Canada	1.3775-1.3805	1.3795-1.3805	0.16-0.19c dis	−1.52	0.55-0.60 dis	[illegible]
Nethlnd	2.4435-2.4480	2.4470-2.4480	0.15-0.10c pm	0.61	0.40-0.35 pm	[illegible]
Belgium	44.41-44.55	44.45-44.55	1 pm-1c dis	—	par-4 dis	[illegible]
Denmark	8.06½-8.08¾	8.07½-8.08½	0.50-1.50ore dis	−1.49	2.50-3.50 dis	[illegible]
W. Ger.	2.1685-2.1775	2.1750-2.1760	0.47-0.44pf pm	2.51	1.20-1.15 pm	2.16
Portugal	147½-148½	148-148½	50-200c dis	−10.13	200-700dis	[illegible]
Spain	138.37-138.80	138.70-138.80	50-100c dis	−6.48	200-750 dis	[illegible]
Italy	1486-1493	1491¾-1492¾	6-8lire dis	−5.89	17-20½ dis	−5.03
Norway	7.42¾-7.44	7.43¼-7.43¾	4.30-4.80ore dis	−7.34	13.5-14.0dis	−7.29
France	6.93-6.95	6.94½-6.95	0.10-0.30c dis	−0.35	0.85-1.25dis	−0.60
Sweden	7.05-7.08	7.07½-7.08	1.75-2.25ore dis	−3.39	5.50-6.00 dis	[illegible]
Japan	160.30-161.00	160.45-160.55	0.35-0.30y pm	2.42	0.91-0.86 pm	[illegible]
Austria	15.25-15.28	15.27¼-15.27¾	3-2gro pm	1.96	6-5 pm	1.70
Switz.	1.7600-1.7660	1.7645-1.7655	0.33-0.29c pm	2.09	0.85-0.80 pm	1.87

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.55-44.65

CURRENCY RATES

July 4	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for July 3: 1.63525.

CURRENCY MOVEMENTS

July 4	Bank of England Index	Morgan Guaranty Change %
Sterling	76.0	N/A
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

July 3	£	$
[illegible]	[illegible]	[illegible]
S.Af.(Fn)	6.5665-6.8580	4.2556-4.4445
U.A.E.	5.6625-5.6695	3.6725-3.6740

* Selling rate.

EURO-CURRENCY INTEREST RATES

July 4	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅜-10½	10¼-10½	10⅛-10½	10-10⅛	[illegible]	[illegible]
U.S. Dollar	[illegible]	6⅞-7	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	8¼-8½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 4	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.471	0.724	1.575	116.2	5.027	1.277	1.771	[illegible]	[illegible]	[illegible]
B Fr.	1.462	2.247	4.890	360.7	15.61	5.966	5.501	[illegible]	[illegible]	[illegible]

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

MONEY MARKETS

Little change in London

Interest rates showed very little change in London yesterday in quiet trading. Closure of US centres for Independence Day and speculation that next week could see a fall in US and Japanese rates tended to keep many people on the sidelines. Next week also sees the release of UK money supply figures and opinions were divided as to whether a reasonable figure would prompt a cut in base rates to single figures.

Three-month interbank money finished at 9⅞-10 per cent unchanged from Thursday. Week-end money traded between a high of 12 per cent and a low of 9 per cent.

The Bank of England forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £144m and Exchequer transactions £585m. In addition there was a rise in the note circulation of £270m. On the other hand banks brought forward balances £35m above target. To help alleviate the shortage the Bank offered an early round of assistance which totalled £219m and comprised purchases of £7m of eligible bank bills in band 1 at 9⅞ per cent, £178m in band at 9⅞ per cent and £34m in band 3 at 9⅞ per cent.

Later help in the morning came to £590m and comprised outright purchases of £4m of eligible bank bills in band 1 at 9⅞ per cent, £48m in band 1 at 9⅞ per cent and £3m in band 3 at 9⅞ per cent. The Bank also arranged sale and repurchase agreements on £535m of bills at 10-10⅛ per cent, unwinding on July 30. In the afternoon the Bank bought £47m of eligible bank bills, £3m in band 1 at 9⅞ per cent, £25m in band 2 at 9⅞ per cent and £19m in band 3 at 9⅞ per cent. Total help came to £856m.

At the weekly Treasury bill tender the average rate of discount rose slightly to [illegible] per cent from 9.3029 per cent. The £100m of bills on offer attracted bids of £427.62m and all bills offered were allotted. The minimum accepted bid was [illegible] against [illegible] and bids at that level were met as to about [illegible] per cent and above in full. Next week a further £100m will be on offer, replacing a similar amount of maturities.

UK clearing bank base lending rate, 10 per cent since May 22

FT LONDON INTERBANK FIXING

(11.00 a.m. July 4)	
Three months US dollars	Six months US dollars
bid 6⅝ / Offer 6¾	bid 6[illegible] / Offer 6[illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

July 4	Over-night	One Month	Two Months	Three Months	Six Months	Lombard
Frankfurt	4.50-4.60	4.50-4.60	4.50-4.60	4.50-4.65	[illegible]	5.5
Paris	7⅛	7⅛-7¼	7⅛-7¼	7⅛-7¼	[illegible]	[illegible]
Zurich	[illegible]	4[illegible]	—	4[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	—	6[illegible]	[illegible]	[illegible]
Tokyo	4.59375	4.65625	—	4.71875	[illegible]	[illegible]
Milan	12⅛-12½	12-12⅛	—	11⅞-13⅛	[illegible]	[illegible]
Brussels	7.75	7⅛-7¼	—	7⅛-7⅛	[illegible]	[illegible]
Dublin	9¾-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	[illegible]	[illegible]

LONDON MONEY RATES

July 4	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Treasury Bills: Average tender rate of discount 9.3040 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive) 9.824 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from July 1 1986. Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from June 25. Deposits held under Series 5 [illegible] per cent. Deposits withdrawn for cash [illegible] per cent.

Royal wedding medal issue

MR IAN STEWART, Economic Secretary to the Treasury, announced that the Royal Mint is to issue a medal to commemorate the wedding of Prince Andrew and Miss Sarah Ferguson. The medal will carry a portrait of the couple and the reverse will show the rose window of Westminster Abbey.

The sterling silver medal will be hallmarked and the issue will be limited to 20,000.

WORLD STOCK MARKETS

TOKYO

Adjusting election positions

SHARE PRICES closed lower on profit-taking and stop-loss selling as investors adjusted positions ahead of Japan's general elections on Sunday, although losses were stemmed by late afternoon bargain-hunting, dealers said.

The Nikkei Dow market average fell 94.07 to 17,597.73 after easing 172.33 in the early afternoon from Thursday's record. The fall was the first in three days. The Tokyo SE index shed 6.91 to 1,355.32. Turnover was 670m shares against 1bn on Thursday.

Blue chip issues, leading the decline, lost ground on stop-loss selling by individuals and profit-taking by foreign investors.

Selling was widespread as investors rushed to liquidate before the election, while the yen's rise against the dollar also generated selling orders, brokers said.

Wall Street and other American markets were closed yesterday for the July 4, Independence Day holiday.

Sony fell 20 to Y3,230. Hitachi 18 to Y817. Matsushita 20 to Y1,370. Nissan 13 to Y593. Toyota 30 to Y1,500 and Honda 30 to Y1,130.

Public spending-linked shares, Heavy Industrial and Trading House issues all declined after rising on Thursday.

Autos declined, reflecting continuing concern about the impact of the yen's strength on these export-dependent companies. Toyota went down 30 to Y1,500, while Nissan, Isuzu, Mazda and Honda closed lower.

Some incentive-backed Biotechnology issues eased, while Wire and Cable stocks continued higher.

But Oil Refineries and some Utilities continued to firm on the yen's rise against the dollar and lower world crude prices. Nippon Oil rose 60 to Y1,290, Showa Shell 90 to Y1,030, Mitsubishi Oil 20 to Y580 and Tokyo Gas 3 to Y512.

Computer Service, Secom and other "high-priced" shares also moved upward on institutional buying.

Closing prices for North America were not available for this edition.

CANADA

Stocks slipped in sluggish trading as US markets were closed for the July 4 holiday.

The Toronto Composite index shed 2.7 to 3,089.3 on moderately active trading. The Oil and Gas index lost 11.8 to 2,486.7 and Golds 4.5 to 3,913.0.

Orchatech climbed 46 cents to 90 cents before the Exchange halted trading pending news. The company previously said Imaginet Systems agreed to distribute Orchatech's computer aided design systems in major US markets.

AUSTRALIA

Australian share markets closed higher across the board as bargain hunters sought quality Industrials and Mining stocks.

The All Ordinaries index was 6.9 higher at 1,142.7, the All Industrials 15.8 stronger at 1,820.8, Metals and Minerals 8.0 up at 497.8. Solid Fuels rose 8.1 to 429.3 and the Gold index was 10.6 up at 925.2.

National turnover was a moderate 68.8m shares, worth A$133.2m. Rises outnumbered falls by 251-to-192.

"The last two days have been an over-reaction, which has encouraged bargain hunters . . . but I don't see anything in the pipeline which is encouraging," one broker said.

BHP eased 16 cents to A$8.24, mainly in response to news the company had started discussions on a superannuation package with Steel Unions. CSR shed 6 cents to A$3.14 but Bell Resources firmed 10 cents to A$4.00.

Despite bearish sentiment over the economy, quality Industrial issues continued to find favour with investors. Transporters and Developers were the main targets.

Brambles moved up 22 cents to A$6.12 and TNT rose 7 cents to A$3.15.

Mines were also back in favour, mainly on the back of the falling dollar. Gold mines were in demand despite weaker bullion prices.

CRA were up 10 cents at A$5.90, after peaking at A$6.00. Aberfoyle advanced 20 cents to A$7.00. Among Gold issues, 20 cent rises took Renison to A$5.70 and Niugini to A$2.60.

HONG KONG

Easier in thin and listless trading, despite light bargain hunting.

The Hang Seng index finished off 0.82 at 1,756.76 after trading by as much as seven points earlier. The Hong Kong index shed 0.67 to 1,096.75. Turnover HK$225.96m (HK$344m).

Brokers said most institutions stayed on the sidelines looking for fresh factors, but some "small" investors moved into the market as prices weakened.

Utilities generally lost ground.

Corporate rumours gave slight lifts to some counters. Jardine Matheson Holdings, up 10 cents at HK$13.50, for example, continued to rise amid speculation that it may be planning to sell some assets.

Hongkong & Kowloon Wharf & Godown, another big conglomerate, rose 10 cents HK$7.05 on market expectations that its results, to be announced later this month, will show strong growth.

GERMANY

Share prices closed with substantial losses across the board as operators remained sidelined to assess the dollar's medium term direction.

Chart-technical considerations were seen behind the losses with only small sell orders leading to hefty losses in a very thin market.

Car-maker VW shed DM 29 to 472, despite news that it will match its record 1985 profit this year. But dealers said the announcement of a $150m eurobond with warrants, and an issue of DM 300m worth of non-voting preference shares put pressure on the share price.

The Commerzbank index of 60 leading shares, calculated at mid-session, fell 39.5 to 1,867.4.

Other car-makers also showed substantial losses, with Daimler ending DM 28 lower at 1,288 and BMW shedding DM 20 to 568.

Banks saw Deutsche shed DM 11.50 to finish at 741.50, Dresdner fall DM 6.50 to 402 and Commerzbank ease DM 4 to 295.

Blue chip Electrical Siemens declined DM 7 to 613 and AEG fell DM 8 to 293.

Computer maker Nixdorf was DM 5.50 down at 570.50.

National airline Lufthansa dipped DM 11 to 158 and insurer Allianz dropped DM 45 to 2,270.

Engineerings saw Mannesmann, ex a DM 6 dividend, shed DM 17.80 to 155.

Steel-maker Thyssen gave way DM 5.50 to 150.

PARIS

Stock prices moved higher in active trading, fuelled by dividend reinvestments and brightening prospects for the French economy.

Advances outnumbered declines 140 to 36, with 10 stocks unchanged. Demand for Blue Chips was especially strong.

Market sentiment reflected signs that the market has pulled out of its recent consolidation and is headed for a sustained advance. Dealers noted that summer diivdend payments are expected to add as much as Frs 7bn of fresh cash to the market.

Another bullish element was the Government's recently announced plan to stimulate exports and moves to lift currency and price controls.

Demand was spread evenly across the Finance and Industrial sectors, but Resource stocks lagged the rest of the market.

Peugeot set the tone among Auto stocks, rising Frs 46 to 995. Michelin rose Frs 35 to 3,050.

JOHANNESBURG

The stock market closed narrowly mixed in quiet and directionless trading, with the US Independence Day holiday closure putting an added dampener on activity.

Among Gold shares Randfontein ended a rand up at R279 but Driefontein lost 50 cents to R53.

Mining Financials mirrored golds, but Diamond share De Beers gained 80 cents to R28.50 following its Central Selling Organisation's diamond sales results.

CANADA

Stock	July 3	July 2
AMCA Intl	16⅝	16½
Abitibi	23⅞	23½
Agnico Eagl	21⅞	21⅞
Alberta Energy	10½	10⅞
Alcan Aluminium	42	42¼
Algoma Steel	15	15
Bank Montreal	33	33⅛
Bank Nova Scotia	16	16
BCE	38⅞	38¾
Bombadier A	21½	21⅞
Bow Valley	10½	10½
B.P.Canada Res	27¾	27¾
Brascan A	25⅛	25
BCForest	14¼	14⅜
Cilinic	29½	29¼
CadillacFairview	22⅛	22⅜
Cambell Red L	20⅛	20⅛
Can. Cement Pt	14⅜	14⅜
Can. NW Energy	16⅜	16
Can. Packers	17¾	17½
Can. Trustco	50½	50½
Can. Imp. Bank	18	18
Can Pacific	16¾	16⅞
Can Tyre C	15	15
Canfor	14⅜	14⅜
Carling O'Kfe	14⅛	14⅛
Chieftain	9	9
Cominco	13	13⅝
Conigas Mines	3.85	3.95
Cons. Bathst. A	22⅝	22
Coremark Int	7	6⅞
Costain	15	15¼
Denison Mines A	6¾	6⅞
Dofasco Inc	28⅞	29
Dome Mines	7⅛	7¼
Dome Petroleum	1.14	1.16
Domtar	31⅜	31¼
Falconbridge	21	21
Fed. Inds. A	17¼	17⅝
Gendis A	20½	20½
Genstar	57¾	57¾
Giant Y'knife	17	17½
Gt. West Life	8.90	890
Gulf Canada	15⅛	15
Hawker Sid. Can	27⅞	28
Hudson's Bay	28¾	28½
Husky Oil	7⅝	7⅝
Imasco	36⅜	36
Imperial Oil A	37	37¾
Inco	17½	17¾
Indal	16¼	16
Interprov. Pipe	43¼	43⅛
Labatt (John)	23¾	23⅛
Lac Minerals	20⅞	21¼
Loblaw	13¼	12¾
Macmil Bloedel	36	36
Magna Int	35⅝	34⅝
Marks & Spencer	23¾	23¾
McIntyre Mines	39½	39½
Mitel Corpn	7	7
Molson A	29	28¾
Moore Corpn	36⅜	35½
Nat. Bank Can	27	26⅞
Noranda Inc	18⅛	18⅜
Norcen Energy	13⅛	13½
Nth. Telecom	40	40⅝
Nova Alberta	5	5
Numac Oil & Gas	8	8
Oakwood Pet	2.50	2.45
Pan. Can Pet	25¾	24
Placer Dev	25¼	25⅝
Power Corp	19½	20
Quebec Sturgeon	4.35	4.40
Ranger Oil	5¼	5⅜
Reed Stenh'se A	55	54½
Rio Algom	25	25
Royal Bank Can	32¼	32⅜
Royal Trust A	32	31⅞
Sceptre Res	2.70	2.70
Seagram	86⅞	86¾
Sears Can. A	14⅞	14⅞
Shell Can. A	20¾	21¾
SHL System'hse	26	26½
Shelco A	24¾	25⅛
Teck B	23½	22¾
Texaco Canada	26	26½
Thomson News A	32	32
Toronto Dom. Bk	23⅝	23⅝
Transalta A	28¾	28½
Trans. Can. Pipe	15¼	15⅝
Varity Corp	—	—
Walker Hiram	36¾	36½
W Coast Trans	13⅝	13⅝
Weston (Geo)	34⅝	34⅝

COMMODITIES AND AGRICULTURE

Labour peace hits metals market

BY RICHARD MOONEY

IT IS a sad reflection on the state of the world metals market that the threatened outbreak of labour peace in various sectors this week was enough to dent severely the hopes of the dwindling band of bulls on the London Metal Exchange.

The prospect of supply disruption when the US copper industry's pay and conditions contracts come up for renewal every three years is a regular bullish feature for the copper market. This year, because of the state of the market, the employers were seeking substantial cost savings rather than resisting wage increases as usual. So the stage seemed set for a protracted battle and the market moved higher in anticipation—albeit cautiously and from a very low starting point.

But it was not to be. The workers, apparently more fearful of job cuts than of reductions in their standards of living, put up less of a fight than some market operators expected, and it now seems almost certain that the pay round will be concluded without any output losses.

This week has seen confirmation by the rank and file vote of the tentative deal reached by the United Steelworkers' Union with Newmont Mining last week. Workers at Asarco were voting on a similar deal, but the result is not yet known. And Kennecott workers have yet to vote on the tentative deal reached by their leaders this week. At Inspiration Resources, the other major US copper producer, no deal has been reached but neither has there been any talk of a strike.

The evaporation of the strike threat has been reflected on the market with the LME three months Grade A quotation, which lost £38 last week, dipping to a 43-month low at one point. The price steadied towards the end of the week, however, aided by sterling's decline against the dollar, and the three months position ended slightly up on balance.

US labour problems have also been the dominant influence on the aluminium market, where three-yearly contracts came up for renewal about five weeks ago. Once again managements were looking for wage cuts to help them through the price depression but unlike their counterparts in the copper industry they did not get away without disruption. Alcoa, the biggest US producer, was hit by a strike from the beginning of June. But the management claims satisfactory production levels have been maintained at most plants by using salaried personnel.

The dispute now seems close to a conclusion, however. On Thursday the United Steelworkers' Union (USW) announced that it had agreed a pay cut deal with the managements of Alcoa and Reynolds and the other union, the Aluminium, Brick and Glass Workers' Union, was being forecast to follow suit.

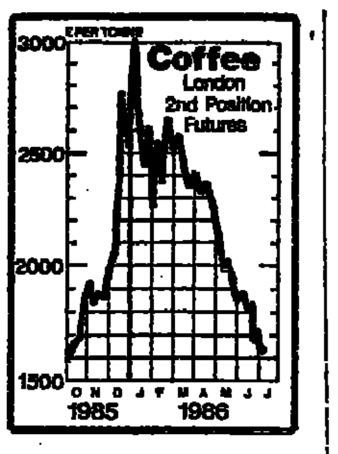
As a result the LME cash price, which had already fallen by £32 since the strike started, lost another £19.50 this week to £737 a tonne — the lowest closing level since mid-December.

The USW's Alcoa and Reynolds announcement coincided with news of a walkout of its members in protest at proposed wage cuts at three out of six potlines at Ormet Corporation's 266,000 tonnes a year Hannibal smelter in Ohio. But the company said production at the plant would not be reduced and that no further talks with the workers were scheduled.

Meanwhile, in Australia, the New South Wales Industrial Commission has urged Broken Hill Mines, an important producer of lead and zinc, to accept a union proposal aimed at ending a six-week-old strike which has halted production. Here again the dispute is about management cost-saving demands.

The market does not seem to have decided what is the likely outcome of the latest Commission move, however, and LME cash lead finished a relatively modest £4 lower on the week, with cash zinc unchanged.

The continuing slide in coffee prices remained the main point of interest in London's soft commodity markets. The price perked up somewhat early in the week, in response to reports that a cold front was threatening the Brazilian coffee belt. But weather forecasters played down the threat later and bullish speculators who had bought in the hope of a damaging frost pulled out once more. As a result futures market values slipped to fresh nine-month lows before steadying a little yesterday. The September position ended the week £41.50 down on balance at £1,643 a tonne.



Signs still not good for cocoa pact talks

BY PETER BLACKBURN IN ABIDJAN

THE RETURN of the Ivory Coast, the world's largest cocoa producer, to the negotiating table has failed to lift the general mood of pessimism about a fifth and final round of talks for a new international agreement starting in Geneva next week.

The Ivory Coast dramatically walked out of the last session in February bringing a rapid end to the protracted talks to renew the agreement which expires in September.

Mr Denis Bra Kanon, the Ivorian Agriculture Minister, explained later that his country could not support an agreement that encouraged price speculation.

He was referring to the semi-automatic price mechanism which cocoa consuming member countries have been demanding.

Instead the Ivory Coast and other producer countries are seeking an agreement which guarantees "stable" prices at what they consider "remunerative" levels.

Mr Bra Kanon complained that the reference price proposed by the consumers in the last session was lower than their previous offer and the sharp depreciation of the dollar made the real value much less.

At the last session consumers offered 100 cents a pound while producers were unwilling to go below 115 cents. This compares with a current market price of less than 86 cents a pound.

The Ivorian walk-out triggered a sharp drop in cocoa prices which have recently touched at the lowest level for nearly three years.

Reports that the Ivory Coast sold heavily before announcing its decision were not appreciated by Ghana and other producers.

Analysts say this may explain why a visit to Abidjan shortly afterwards by Mr Lorenzo Natali, an EEC Commissioner, was used to signal a change of policy.

A communique issued after Mr Natali's visit announced that the Ivory Coast would resume talks on a new agreement so as to ensure "balanced trade in a product of vital economic importance for the Cote d'Ivoire (Ivory Coast) and other producer countries."

The communique stressed that "political" importance of an agreement for the country and officials claim that it has always believed in a policy of "dialogue."

But cold market realities are likely to outweigh political considerations at the Geneva talks.

The International Cocoa Organisation's secretariat has forecast a cocoa surplus over the next five years and the tin crisis has increased general disenchantement with international commodity pacts.

Moreover, the continued absence of the US, the world's largest consumer, would also limit the effectiveness of any new pact.

The Ivory Coast likewise was not a member of the 1980 accord and its membership this time is still uncertain, analysts say.

But in resuming talks it is showing solidarity with other producers and seeking to avoid a further slump in prices, they add.

US markets were closed yesterday for the Independence Day holiday.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1220/240	—25	$1030/1060	$1408/1450	$1150/1170
Antimony					
Free Market 99.6%	$2400/2560	—	$2725/2825	$2720/2780	$2400/2500
Copper-Cash Grade A	£912.5	+38	£1093	£1028.5	£874.5
3 months Grade A	£909.5	+0.75	£1098.5	£1059.25	£900.5
Gold per oz	$344	—	$317.75	$368	$327.5
Lead Cash	£260.5	—4	£304.25	£293	£253.5
3 months	£261.5	—5	£300.75	£291.5	£241.25
Nickel					
Free market	176/196c	—7	248/278c	196/216c	175/195c
Palladium	$111.75	+0.90	$98.25	$115.10	$95.25
Platinum per oz	$428.95	—9.65	$267.10	$450.50	$342.50
Quicksilver (76 lbs)	$195/205	—15	$280/290	$250/260	$195/205
Silver per oz	326.90p	—4.55	471.55p	452.10p	317.70p
3 months per o.z	334.55p	—4.40	485.45p	456.20p	325.60p
Tin,					
Free market	£3,608/658	+15	†	£5900/6250	£3,429/450
Tungsten Ind	$54.42	—4.31	$75.74	$69.74	$54.42
Wolfram (22.04 lb)	$48/50	—	$56/60	$56/65	$42/50
Zinc cash	£526.5	—	£516.5	£552.5	£409
3 months	£527.25	—5	£596.5	£551.5	£419.25
Producers	$840	—	$880	$840	$650/670
GRAINS					
Barley Futures Sept	£98.75	+0.10	£97.00	£118.80	£96.90
Maize French	£135.00	—	£145.00	£146.50	£130.00
WHEAT Futures Sept	£99.25	—0.50	£96.00	£121.45	£98.30
SPICES					
Cloves	$4,500	—100	$5,250	$4,900	$4,500
Pepper white	$5,350	+50	$5,500	$6,725	$4,600
black	$4,000	—	$3,700	$4,400	$3,600
OILS					
Coconut (Philippines)	$245z	—	$555	$440	$230
Palm Malayan	†	—	$550	$405	$230
SEEDS					
Copra (Philippines)	$160y	—10	$345	$270	$145
Soyabeans (U.S.)	$151y	—1	$231.5	$229.8	$148
OTHER COMMODITIES					
Cocoa Futures Sept	£1292.5	+18	£1706	£1,804.5	£1,264.5
Coffee Futures Sept	£1643	—41.5	£1954	£3,007.5	£1,633.5
Cotton Outlook A Index	38.60c	—0.40	†	56.25c	38.70c
Gas Oil Fut. Aug.	$97	—19	$215.75	$232.75	$97.75
Jute LJA BWC grade	$246	—	$670	$320	$246
Rubber kilo	55p	—2	66p	64.25p	54p
Sisal No. 3L	$620	—	$640	$620	$590
Sugar (Raw)	$144.5y	—	$85	$222.5	$115
Tea (quality) kilo	190p	—	205p	202p	175p
(low med) kilo	92p	—	110p	118p	80p
Wooltops 64s Super	402p kilo	—9	463p Kilo	428p kilo	397p kilo

† Unquoted. (g) Madagascar. (x) June-July. (y) July-Aug. (2) Aug- Sept

INDICES

REUTERS

July 3	July 2	M'th ago	Year ago
1437.2	1442.6	1756.9	1769.2

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 3	July 2	Month ago	Year ago
Spot	124.65	125.01	—	116.47
Fut.	112.57	112.23	—	115.77

(Base: December 31 1931 = 100)

GRAINS

WHEAT			BARLEY	
Mnth	Yesterday's close	+ or —	Yest'rdy's close	+ or —
July	120.00	+1.90	—	—
Sept.	99.25	—0.05	98.75	—0.05
Nov.	102.25	—	102.30	—
Jan	105.40	—	105.45	—0.05
Mar.	107.80	—0.10	107.85	—
May	110.30	—0.20	109.40	—

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: July 95.75, Aug 95.25, Sept 94.25 sellers transhipment East Coast. US No. 2 Soft Red Winter: July 87.50, Aug 86.75, Sept 87.50 sellers. EEC 2nd-half July 117.00. English feed, fob: Oct 105.00, Oct/Dec 106.50, Jan/March 111.50, Apr-June 115.50 sellers. Maize: US No. 3 Yellow/French transhipment East Coast: July 135.00. Barley: English feed, fob: Aug 100.00, Sept 102.00, Oct 104.00, Oct/Dec 106.50, Jan/March 111.50 sellers.

HGCA — Locational ex-farm spot prices. Feed Barley: Eastern 95.00. The UK monetary coefficient for the week beginning Monday, July 14 (based on HGCA calculations, using three days' exchange rates) is expected to be unchanged.

Business done—Wheat: July 120.25-20.00, Sept 99.50-9.10, Nov 102.35-2.30, Jan 105.40-5.35, March untraded, May 110.30. Sales: 226 lots of 100 tonnes. Barley: Sept 98.90-8.65, Nov 102.40-2.20, Jan 105.50-5.40, March and May untraded. Sales: 27 lots of 100 tonnes.

Swiss bank sees stable silver market this year

BY JOHN WICKS

THE SILVER price is likely to range from a bout $5 to $6 per ounce this year, according to a report issued by Swiss Bank Corporation.

The Basle bank, a major force in international precious-metals trading, says that at a floor of about $5, mined production could fall further and secondary supplies remain depressed. This would obviate further downward pressure on prices.

Latest estimates are said to show a probable further growth in above-ground silver stocks of some 2,350 tonnes this year. Stocks grew by something like 21,650 tonnes in the period from 1979 to 1985.

Looking beyond 1986, the bank says the silver price could move up should disinflation be followed by a period of low inflation. "Fundamentally, however, the metals and mining industry is expected to continue to suffer from excess capacity, slack demand and low prices for the rest of this decade."

The report points out that 80 per cent of silver production is accounted for by the occurrence of the metal as a by-product or co-product in copper, gold, zinc and lead extraction, meaning that the silver price itself is not the sole criterion for production decisions.

At the same time, Peru and Mexico as the world's two largest producers are seen as constrained by social, financial and economic reasons from cutting back silver output.

Industrial demand, although this exceeds mined production, is expected to remain virtually unchanged this year at some 11,700-11,900 tonnes. This means that, including coinage offtake, total commercial demand will also be almost stable at some 12,300-12,500 tonnes, while supply could be of 14,250-15,250 tonnes as compared with 14,350 tonnes in 1985.

Industrial demand is expected to keep growing more slowly than the economy in general, while not much investment can be expected in the absence of inflationary anticipations.

ALUMINIUM

Official closing (am): Cash 735-6 (739-9.5), three months 741-1.5 (741.5-2), settlement 736 (739.5). Final Kerb close: 748-9. Turnover: 14,350 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	738.5-7.5	—.5	735
3 months	746.5-7	+3.5	748/741

COPPER

Official closing (am): Cash 911-2 (914-5), three months 908-8.5 (892-4), settlement 912 (915). Final Kerb close: 911-2.

Grade A	Unoffic'l close	+ or —	High/low
Cash	912-3	+2	914/912
3 months	909-10	+3	911.5/904

Standard			
Cash	872-3	+3.5	875/866
3 months	894-5	+4	895/892

LEAD

Official closing (am): Cash 260.5-1 (256-7), three months 261-2 (257-7.5), settlement 261 (257). Final Kerb close: 261-2. Turnover 4,475 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	260-1	+5	260.5/260
3 months	261-2	+5	263/257

NICKEL

Official closing (am): Cash 2,505-10 (2,535-40), three months 2,544-5 (2,575-8), settlement 2,510 (2,540). Final Kerb close: 2,548-50. Turnover: 1,284 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2505-10	+25.5	2515/2510
3 months	2540-5	+26	2570/2540

ZINC

Official closing (am): Cash 526.5-7.5 (522-3), three months 529-9.5 (525.5-6), settlement 527.5 (523). Final Kerb close: 528-7. Turnover: 8,100 tonnes.

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	526-7	—	—
3 months	527-7.5	—2.5	551/527

TIN

KUALA LUMPUR TIN MARKET—Close: 14.29 (14.22) ringgit per kg. Up 0.07.

GOLD

Gold was unchanged from Thursday's close in the London bullion market yesterday at $343¾-344¼. It opened at this level and did not move in very quiet trading. Closure of US markets virtually brought trading elsewhere to a standstill.

GOLD BULLION (fine ounce)		July 4
Close	$343¾-344¼	(£222¾-223¼)
Opening	$343¾-344¼	(£222¼-222¾)
M'n'g fix.	$343.80	(£222.165)
Aft'n'n fix	$343.80	(£222.741)

GOLD AND PLATINUM COINS		
Kr'g'r'nd.	$343½-345½	(£223½-224½)
½ Krug.	$180½-181¾	(£117½-118¼)
¼ Krug.	$91¾-92¾	(£59¾-60¼)
1/10 Krug.	$37¼-38	(£24¼-24¾)
Mapleleaf	$353¼-355¼	(£229¼-231¼)
Angel	$353½-355½	(£230-231¼)
1/10 Angel	$35-40	(£22¾-26)
New Sov.	$82-84	(£53¼-54¾)
Old Sov.	$86-87½	(£56-57)
$20 Eagle	$425-475	(£276½-309)
NoblePlat	$440¾-445¾	(£286¾-290)

SILVER

Silver was fixed 0.85p an ounce lower for spot delivery in the London bullion market yesterday at 326.9p. US cent equivalents of the fixing levels were: spot 505.25c, down 1.35c; three-month 513.3c, down 1.4c; six-month 521.85c, down 1.15c; and 12-month 539.93c, down 1.55c. The metal opened at 327-328½p (506-508c) and closed at 327½-329p (505-507c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	326.90p	—0.85	326.5p	+1.5
3 months	334.55p	—0.79	334.5p	+1.5
6 months	342.50p	—0.45	—	—
12 months	358.40p	—0.85	—	—

LME—Turnover: 28 (68) lots of 10,000 ounces.

Cash high/low 323.5p; three months high/low 332p, final kerb 334-5p.

COFFEE

In extremely quiet conditions the market traded in a narrow range with little news to give any direction, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or —	Business Done
July	1605-1610	+11.5	1625-1602
Sept	1642-1644	+9.5	1653-1632
Nov	1678-1679	+0.5	1698-1678
Jan	1712-1716	+10.0	1729-1705
Mar.	1740-1748	+14.5	1744-1758
May	1770-1780	+22.0	1779-1752
July	1780-1800	—2.5	—

Sales: 2,101 (5,094) lots of 5 tonnes.

ICO indicator prices (US cents a pound) for July 2: Comp. daily 1979 138.31 (143.43); 15-day average 147.04 (147.98).

SOYABEAN MEAL

	Y'ster'd'ys close £ per tonne	+ or —	Business Done
August	119.0-119.5	—0.55	—
October	120.5-121.8	—0.75	120.8-120.5
Dec.	120.5-121.0	—0.65	120.8-120.5
Feb.	123.5-124.5	—0.35	—
Apr.	124.5-125.0	—0.15	—
June	122.5-125.5	—	—
August	125.0-124.0	+0.25	—

Sales: 369 (325) lots of 20 tonnes.

COCOA

With New York markets closed and International Cocoa talks commencing next week there was little activity. Physicals were also very dull with only light consumer interest noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1261-1264	+6.0	1268-1259
Sept.	1292-1293	+5.0	1298-1287
Dec.	1332-1333	+4.5	1335-1330
March	1363-1364	+4.0	1366-1361
May	1382-1384	+3.5	1381-1380
July	1396-1402	+3.0	1400-1398
Sept.	1417-1419	+5.5	1418

Sales: 1,331 (728) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for July 2: 87.52 (88.50): five-day average for July 3: 87.15 (86.77).

GAS OIL FUTURES

Month	Ystrday's Close US $ per tonne	+ or —	Business Done
July	94.00	—4.00	98.75-95.75
Aug	97.00	—2.75	100.00-96.50
Sep	100.50	—2.75	105.00-99.75
Oct	104.00	—3.00	105.25-95.50
Nov	108.00	—2.75	109.00-97.00
Dec	110.00	—4.00	115.00 —
Jan	111.50	—2.75	114.25 —

Turnover: 2,626 (4,144) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened about unchanged, attracted little interest throughout the day and closed very quiet, reports Lewis and Peat. Closing prices (buyers): Spot 56.00p (same): Aug 55.00p (same): Sept 55.00p (same). The Kuala Lumpur fob price (Malaysian cents per kg: RSS No. 1 202.00 (same) and SMR 187.5 (188.0).

FUTURES—Index 550, Aug 551-552, Sept 548-549, Oct-Dec 551-552, Jan-March 556-557, April-June 569-570, July-Sept 571-572. Sales: Nil.

POTATOES

Reports of rain moved opening trades down to £150, basis April, but strong buying and nervous short covering quickly lifted prices, triggering stop-loss buying especially around £160.00, reports Coley and Harper.

Month	Yesterdays close £ per tonne	Previous close	Business done
Nov	110.50	107.00	112.00-103.00
Feb	121.00	117.50	115.00
Apr	160.00	155.60	165.00-150.00
May	168.00	162.80	—
Nov	80.00	80.00	—

Sales: 1,838 (2,068) lots of 40 tonnes.

Earlies—July 87.50, +0.50, 88.00: Aug 75.50, +3.00: Sept 80.50, +3.00. Sales: 2 (nil) lots of 10 tonnes.

OIL

Little activity was seen in the 15-day Brent market, with many traders out of the market. August traded between $10.08 and $10.25 per barrel with September assessed around 5-15 higher. Nymex WTI was closed. In petroleum products market fuel oil prices continued to slip. Prompt gas oil cargo prices were little changed in a directionless market. Prompt Naphtha was traded at under $90 a tonne in the Mediterranean and talk was about the same in North West Europe — Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	8.75-8.85*	n/a
Brent Blend	9.95-10.05	—0.15
W.T.I. (1pm est)	—	—
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	184-188	—4
Gas Oil	91-92	—0.5
Heavy fuel oil	47-49	—3
Naphtha	88-90	—4.5

* August.

Petroleum Argus estimates.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.44p per kg lw (+0.09). GB—Sheep 166.19p per kg est dcw (+10.73). GB—Pigs 72.54p per kg lw (—1.33).

PIGMEAT Month	Y'day's close	+ or —	BEEF Y'day's close	+ or —
July	—	—	—	—
Aug.	100.50	—0.50	181.50	—1.50
Sept.	106.70	—0.10	183.00	+0.50

Pigmeat sales: 3 (10) lots of 50 carcases, 3,250 kg.

Beef sales: Nil (nil) lots of 20 sides.

SUGAR

LONDON DAILY PRICE—Raw sugar $144.50 (£93.50), up $1.50 (up £1.00) a tonne for July-Aug delivery. White sugar $174.50, up $2.00.

No. 6 Con-tract	Yest'rdy's close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	152.8-153.2	151.8-152.0	153.0-152.2
Oct	142.8-143.0	141.6-141.8	143.0-142.0
Dec	147.8-148.0	146.0-147.4	148.4-147.8
Mar	158.8-156.8	155.8-155.8	156.8-156.0
May	160.4-161.0	159.8-160.4	—
Aug	165.4-166.0	163.8-165.0	—
Oct	170.2-171.6	168.8-170.0	—

Sales: 525 (424) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £196.00 (£195.00) a tonne for export.

1230, Oct 1265-1268, Dec 1285-1300. closed very quiet, reports Lewis and RSS No. 1 202.0 (same) and SMR

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 2: Daily price 5.65 (6.06): 15-day average 5.98 (6.04).

PARIS—(FFr per tonne): Aug 1210-12.30, Oct 1265-1268, Dec 1285-1300. March 1350-1355, May 1390-1400, Aug 1425-1435.

FREIGHT FUTURES

With little activity dry cargo prices eased in spite of rumours of a Gulf/Japan trade at $8.20. The tanker market was very dull with prices weakening due to easier oil prices, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	570/573	570	570/573
Oct.	650/651	651/650	654/656
Jan.	683/684	682/680	650/685
April	743/745	745	740/748
July	635/670	—	640/670
Oct.	680/785	—	650/735
Jan.	725/768	—	720/780
Apr.	900	—	900
BFI.	582.0	—	582.5

Turnover: 72 (218)

	Close	High/Low	Prev.
Tankers			
July	1000/1025	1020	1040/1100
Aug	1000/1040	1000	1000/1025
Sep	1008/1075	—	1030/1100
Dec	1080/1100	—	1040/1180
Mar	1100/1150	—	1300
June	1100/1155	—	1175/1235
BTI	1154	—	1160

Turnover: 33 (33).

LONDON STOCK EXCHANGE

MARKET REPORT

Cheaper money hopes give gilts fresh boost

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Increasing pressures for another round of international interest rate reductions continued to bolster world bond markets and London was in no mood yesterday to resist the trend. For the third day running investors paid little heed to short-term rates for credit, which have recently risen to current bank base rate levels of 10 per cent, or pessimism regarding UK money supply trends. Another sharp rise in sterling M3 is expected to be disclosed on Tuesday when the June banking statistics are announced.

Domestic and foreign demand was again aimed at longer Gilt-edged maturities and the authorities were able to sell more stock. The Government broker established the remaining taplet, Treasury 10 per cent 1992, at 104½ and withdrew to await a higher bid. This was not forthcoming and interest in medium life issues soon waned.

Free of official tap, the longs surged higher in a market showing signs of stock shortages. Many issues recorded fresh gains ranging to 1½ points before drifting away from the highest in the after-hours trade. Low-coupon shorts benefited from speculative buying to display rises extending to ⅝, but conventional shorts were restrained by yield considerations and registered only minor improvements. Index-linked steadied after their recent setback.

Most sectors of the equity market opened cautiously in view of the easier trend on Wall Street overnight. The lack of a guide from US markets — closed yesterday for the July the Fourth holiday — was an inhibiting factor and business was also affected by the counter-attractions of the Wimbledon tennis and Henley regatta.

Leading shares eased throughout the morning on a combination of light selling and profit-taking. Dealers contributed by giving prices a nudge lower and talk eventually arose of an investment trust liquidating part of its portfolio. There was no evidence to substantiate this and operators later dismissed the suggestion.

The afternoon session was more carefree and some blue chips staged a limited rally which reduced a midday fall of 8.4 in the FT-SE 100 share index to one of 6.8 at the close of 1649.4. The FT Ordinary share index ended 9.2 down at 1358.5 but over the week was 2.1 higher.

Pearl firm

Pearl Assurance provided the outstanding movement in the Insurance sector, rising to £15¼ prior to closing a net ⅞ up at £15⅛ as the go-ahead for the flotation of TSB gave rise to revived takeover hopes. Also in Life Insurances, recently neglected Sun Life rose 23 to 895p in a restricted market. The major clearers lost ground owing to a lack of interest. Midland shed 5 to 448p, as did NatWest, to 515p. Barclays slipped 4 to 529p and Lloyds gave up 7 at 395p. Standard Chartered, in receipt of a bid from Lloyds, attracted late support and closed 7 higher at 805p.

Merchant bank Morgan Grenfell, which made a disappointing market debut on Thursday in closing at a 15p discount to the striking price of 500p, edged forward to 490p before closing 3 dearer on balance at 488p. The week's other major market newcomer Thames TV encountered further profit-taking and closed 4 off at 220p, still a 30p premium over the offer-for-sale price of 190p.

Leading Breweries, unsettled earlier in the week by reports that the tied house system may incur a Monopolies Commission probe, staged a modest rally and closed around the best. Allied-Lyons rallied 5 to 340p — still down 23 on the week. Among Regionals, Fuller Smith and Turner rose 30 in a narrow market to 640p with the aid of a favourable press mention.

Recently-firm leading Buildings turned easier in the absence of further buying interest. George Wimpey slipped 4 to 207p, while Costain, particularly good in recent days in the wake of a broker's recommendation, gave up 6 at 568p; the latter's new nil paid shares were also 6 off at 94p. Blue Circle softened 3 to 640p, but BPB Industries continued to trade firmly and, in a market short of stock, gained 10 more to 547p. Countryside continued to reflect Barking Town centre development prospects and firmed 7 for a two-day rise of 32 to 462p, while fresh demand ahead of the results expected shortly lifted Heywood Williams 7 to 248p.

W. Canning firmed 4 to 122p on news that the company had agreed to dispose of the majority of its 83 per cent stake in HB Electronics for £1.1m cash.

Stores quiet

Investment interest remained at a low level in Retailers which consequently finished with modest losses across the board. Harris Queensway, supported earlier in the week amid revived chatter of a bid from GUS, eased 4 to 258p—still up 22 over the five-day period—while Woolworth closed 5 off at 670p, a decline of 40 since Dixon's unwelcome offer lapsed on Wednesday. Secondary counters also traded narrowly, although USM-quoted Jacques Vert advanced 16 to 181p following an investment recommendation.

Leading Electricals continued to drift lower and GEC fell a couple of pence further to 206p for a loss of 18 since the Tuesday's preliminary figures. Thorn EMI, a rising market earlier in the week, reacted 11 to 471p; the annual results are due to be announced on Thursday. Bid speculation persisted in Pressac, which closed 20 higher at 150p, while Press mention prompted a gain of 4 to 78p in Kewill. STC recovered from 154p to close 6 firmer on balance at 162p, but Amstrad gave up that amount at 110p, after 106p. The postponement of privatisation of the regional water authorities prompted dullness in water meter makers BBS, down 9 at 99. Dealings resumed in BR Electronic following the financing proposals and the shares closed at 80p compared with the suspension price of 75p.

Leading Engineers drifted lower mainly for the want of support. Among the secondary issues, McKechnie lost 10 further to 250p awaiting the outcome of the bid from Evered; the latter fell away to 265p before staging a rally to close 10 off on balance at 272p. TI, in which Evered has a sizeable stake, dipped 22 to 545p, the fall being accompanied by reports of a broker's downgraded profits forecast. Davy Corporation, in contrast, continued to reflect the better-than-expected preliminary figures and put on 7 more to 125p, while speculative demand left B. Elliott 8 to the good at 103p.

Leading Foods finished the first leg of the Account on a subdued note and the majority closed a shade easier on balance. Cadbury Schweppes softened a couple of pence to 178p and Rowntree Mackintosh slipped 3 to 450p, while United Biscuits cheapened a few pence to 252p. Recent takeover favourite Bejam lost 2 to 181p in the absence of any developments, but J. Sainsbury continued firmly in the wake of the annual meeting and closed a couple of pence better at 394p. Elsewhere, Bernard Matthews encountered profit-taking and dipped 20 to 273p, but Avana attracted buying interest following a broker's visit to the company and gained 17 to 354p. Christian Salvesen traded in fairly lively fashion and settled 3 cheaper at 156p, after 154p. Further demand in a restricted market lifted A. G. Barr 23 to 355p. Hillsdown Holdings lost 8 at 285p as the company increased its offer for North Devon Meats.

Hotels continued to feature Norscot which gained 7 for a two-day rise of 12 to 122p on takeover hopes.

Reed Int. up again

Demand persisted for Reed International, up ½ more at £10¼, ahead of the proposed share split, while Reckitt and Colman encountered occasional buying interest and put on 15 to 820p. Other leading miscellaneous industrials rarely strayed from previous closing levels, but Beecham drifted back 5 to 435p after having shown marked firmness earlier in the week following a presentation of the company in the US. Elsewhere Parkfield Group featured a gain of 35 to 545p in response to news of the proposed acquisition of Lighting Distributors and J. and B. Labone. Demand revived for Associated British Ports which advanced 18 to 308p, but Oakwood, down 22 at 88p, became a weak market on the lower half-yearly earnings and passing of the interim. British Aerospace, 9 off at 500p, remained unsettled by the recent crash of the prototype Hawker 200 aircraft. Still reflecting a recent broker's downgraded profits forecast, Bowater drifted further to close 7 cheaper at 315p. P. and W. Maclellan, the subject of press mention earlier in the week, encountered profit-taking and gave up 6 to 68p.

Jaguar, heavily traded in the US overnight, opened firmer and quickly attained a new peak of 585p; profit-taking developed at this level, however, and the close was 2 lower on balance at 576p. Jaguar shares have risen 36 over the five day period as both US and domestic investors expressed confidence over the impending launch of the XJ40. Motor Components were irregular. Sellers held sway in Lucas, 3 off at 620p, and Dowty, 4 cheaper at 222p, but a fresh flurry of takeover speculation lifted Kwik-Fit 6 to a new peak of 111. Interest also developed for Airflow Streamlines, 3 to the good at 54p. Distributors highlighted Jessups the Essex-based Vauxhall-Opel and Ford main dealer, which attracted speculative demand and improved 9 to 133p. Alexanders, on the other hand, encountered nervous offerings in front of next Thursday's half-timer and settled 3 cheaper at 17p.

Secondary issues again provided the noteworthy movements in the Property sector. Marler Estates gained 20 to 520p in belated response to news that Glen International had increased its holding to 5.61 per cent, while Mountleigh, still responding to the excellent results, rose 20 to 940p. Property Holding and Investment firmed 3 to 136p following property acquisition news, while Walgrave Holdings gained 5 to 106p in reply to the annual results and confident statement. On the other hand, Daejan gave further ground in the wake of the disappointing figures and settled 15 lower at 690p, while Imry shed 5 to 300p following details of reduced annual profits. Elsewhere, Stewart Nairn attracted fresh support at 181p, up 1, while St Modwen gained 2 to 24p helped by call option business.

Textiles lacked a decided trend. Courtaulds, a relatively firm market in recent weeks, encountered sporadic profit-taking to close 7 cheaper at 297p. Lister also gave ground and finished a couple of pence off at 112p — still up 20 on the week reflecting support in the wake of the excellent preliminary figures. Profit-taking left speculative high-flier Harold Ingram 20 down at 180p. In contrast, buyers returned for Sekers International, 8 up for a two-day advance of 14 to 124p.

Oils lose ground

Renewed weakness in crude oil prices, which have come under sustained pressure since the failure of OPEC members to agree on individual and collective output levels at the meeting in Brioni last week, led to further falls in the oil sector. The leaders gave ground for most of the day and only picked up in the after-hours trade. BP fell to 575p prior to closing 8 down at 578p while Shell settled a similar amount easier at 778p. Britoil were particularly vulnerable and retreated to a year's low of 145p, before steadying to close a net 7 off at 148p. LASMO gave up 5 more to 98p, after a low of 95p and Enterprise were finally 3 cheaper at 107p, after 105p.

Secondary issues were highlighted by Bristol Oil and Minerals which moved up to 15p before closing a net 3 up at 13p on news of the cash injection totalling £1m, from Bristol chairman, Mr P. L. H. Bristol, and House Property Company of London, and the proposed development of Bristol's property at Kingsnorth-on-the-Medway.

An easier trend in the Financial Rand, which slipped back to around 23 cents and general lack of interest caused by the absence of any American participation — Wall Street was closed for Independence Day — prompted a gradual retreat by South African gold mines. After a initial mark down, share prices drifted further before steadying on modest bouts of short covering. The Gold Mines index showed a 3.1 fall at 196.3, leaving the measure around 2 points easier over the week.

In South African Financials, news of the strike by black miners workers at four of De Beers mines unsettled the latter shares which, despite the excellent 45 per cent jump in diamond sales in the first half, added only 2 at 416p.

A rally by overnight Sydney and Melbourne markets — the first for around eight trading sessions, and a steadier performance by the Australian dollar gave a minor boost to Australians. Golds in particular were well supported in London and Sons of Gwalia rose 6 to 177p, Gold Mines of Kalgoorlie 5 to 350p and Central Norseman a few pence to 307p. Elsewhere recent Press comment continued to encourage demand for Cluggs Gold which added 1½ more to 19½p.

Traded Options

Relatively subdued business in the underlying securities was reflected in Traded Options. Total contracts transacted amounted to 16,257 made up of 9,585 calls and 6,672 puts.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declarations	For Settlement
July 7	July 18	Oct 9	Oct 20
July 21	Aug 1	Oct 23	Nov 3
Aug 4	Aug 15	Nov 6	Nov 17

For rate indications see end of Unit Trust Service

Money was given for the call of Wheway Watson, Chrysalis, Western Selection, St Modwen, Abaco Investments, Lasmo, Bullgrave, IBL, WA, Amstrad, Chancery Securities, Wellcome, James Halstead, FKI, Britoil, Camford Engineering, Burns-Anderson, Property Trust, Owners Abroad and Transwood. Puts were taken out in Ifico, Riley Leisure, P. W. MacLellan and ICI, while double options were transacted in Camford and Burnett and Hallamshire.

LEADERS AND LAGGARDS

Percentage changes since December 31 1985, based on Thursday July 3 1986

Metals and Metal Forming	+56.28	Food Manufacturing	+20.
Motors	+54.18	Brewers and Distillers	+20.
Textiles	+48.30	Office Equipment	+20.
Publishing and Printing	+41.52	500 Share Index	+20.
Contracting, Construction	+38.42	All-Share Index	+19.
Packaging and Paper	+33.83	Financial Group	+19.
Health and H'sehold Products	+31.99	Electronics	+18.
Merchant Banks	+31.22	Stores	+18.
Building Materials	+31.11	Investment Trusts	+18.
Tobaccos	+30.80	Overseas Traders	+17.
Other Industrial Materials	+30.37	Other Groups	+15.
Capital Goods	+30.03	Mining Finance	+13.
Mechanical Engineering	+28.45	Insurance (Life)	+13.
Electricals	+26.32	Food Retailing	+12.
Chemicals	+24.58	Shipping and Transport	+10.
Consumer Group	+22.96	Oils and Gas	+10.
Insurance (Composite)	+22.94	Insurance Brokers	+6.
Banks	+22.31	Telephone Networks	+0.
Industrial Group	+22.09	Gold Mines Index	—30.
Leisure	+21.33		

STOCK EXCHANGE DEALINGS

Details of business shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was *done* in the 24 hours up to 3.30 pm on Thursday and *settled through the Stock Exchange Talisman system; they are* not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Dev Bank 10¼pcLn 2009 £105 ½

Australia (Cmwlth of) 9½pcLn 2012 £95¼ (2 7). 11¼pcLn 2015 £113¼

European Inv Bnk 11pcLn 2002 £111¼ ½

Finland (Rep of) 11½pcLn 2009 £111¼ (27 6)

Inter-Amer Dev Bnk 9½pcLn 2015 £100¼ ¼ 1 ½. New 9½pcLn 2015 £100¼

Intnl Bnk for Rec Dev 9½pcLn 2010 £98¼ (2.7). 11.5pcLn 2003 £115¼ ¼

Ireland 12½pcLn 2008 £119½ (2 7)

Malaysia 12¼pcLn 1988 £102½ (1.7)

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS

CORPORATIONS—FOREIGN

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

Blick (5p) 140 2. New Ord (5p) 140 (2 7)

Blue Circle Inds 5¼pc2ndDb 1984-2009 £65 (2.7). 6pcDb 1988-93 £83¼ (1/7). 7pcDb 1988-93 £88½. 9pcDb 1992-97 £98¼ ½. 10¼pcDb 1994-99 £103 (1/7). 6¼pcLn (1975 or aft) £59¼

Boase Massimi Pollitt (12½p) 23: 3 ½p

Boeing ($5) £40¼ (30/6)

Booth (John) Sons (Bolton) 77

Boots 7½pcLn 1988-93 £91 ¼ 2¼

Bowater Inds 4.35pcPf (£1) 60 (30/6)

Bowthorpe Hldgs 7pcLn 1990-95 £72 (27/6)

Braime (T. F. J. H.) (Hldgs) 60 (30 6)

Bramall (C. D.) 13pcLn 1993-2003 £110

Bremner 10pcLn 1995 £87 (1/7)

Brettle (George) 9¼pcLn 1987-92 £80

C—D

E—F

G—H

I—K

L—M

Db 1987-92 £95½♦. 12½pc2ndDb 1987-1992 £103½ (7/7)

Lopex (5p) 118 20. New (5p) 115 7 8 20 2

Lucas Inds. 7¼pcLn. 1983-88 £96 (2/7). 10¼pcLn. 1992-97 (£101 (30/6)

Lyles 11pcPf. (£1) 103 (2/67)

MK Elec. Grp. 7½pcLn. 1986-91 £89¼

M.Y. Dart Dfd. (10p) 31 (1/7)

Macarthys Pharmaceuticals 6pcBPf. (£1) 53 (1/7)

McCarthy and Stone 7pcLn. 1999-2004 £130 1

N—O—P

McKechnie Bros. 10pcLn. 1994-99 (66⅔p) 240 5

Macro (5p) 155

Mappin and Webb Hldgs. 6pcPf. (£1) 53

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

UNLISTED SECURITIES MARKET

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Do. 5pc A Pf (£1) 43 (2 7)

Jersey New W'works 2pc4thPf (£5) 83 (2 7)

Do. 3pc3rdPf (£5) 125 (2 7)

Do. 3½pcPf (£5) 160 (2 7)

Do. 5pcPf (£5) 215 (2 7)

Do. 5pc3rdPf (£5) 215 (2 7)

Do. 10pcMortDb 1988-93 £94pc (2 7)

Kunick Leisure (10p) 26½ 7 8

LSI Logic Europe (1 9p) 110 (1 7)

Metals Closures 13pcDb 1986-91 £105¼ (30 6)

Oodles (10p) 19½ 20½

Park Lane Hotel 875 900 (27 6)

Prowting 13¼pcPf (£1) 13 (27 6)

Severn Valley Rlwy (£1) 70 (2 7)

Seymours 4pcPf (£1) 51 (2 7)

Southern Newspapers (£1) 220 5

Trebor 11.75pc2ndPf (£1) 127 (1 7)

Utd Trust Credit (£1) 400 2

Wistech (1p) 16 (1 7)

Wynstay Props 164 (27.6)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

North West Oil Gas (20p) 7 (1.7)

(By permission of The Stock Exchange Council)

FINANCIAL TIMES STOCK INDICES

	July 4	July 3	July 2	July 1	June 30	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	91.44	91.24	90.74	90.43	90.34	82.28	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.44	97.00	96.86	96.78	96.71	86.95	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ▼	1356.5	1365.7	1366.6	1373.7	1367.1	955.7	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	196.3	199.4	198.2	204.2	202.5†	410.8	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.06	4.04	4.04	4.02	4.04	4.87				
Earnings Yld.%(full)	9.74	9.67	9.69	9.64	9.69	12.14				
P/E Ratio (net)(*)	12.51	12.59	12.57	12.62	12.56	10.06				
Total Bargains (Est)	25,216	25,289	24,287	24,219	23,418	18,014				
Equity Turnover £m	—	658.53	700.01	702.19	507.81	371.00				
Equity Bargains	—	28,411	28,883	24,099	23,105	16,378				
Shares Traded (mil)	—	301.4	343.5	290.4	250.3	183.7				

S.E. ACTIVITY

Indices	July 3	July 2
Gilt Edged Bargains	145.8	146.3
Equity Bargains	184.1	187.1
Equity Value	1,331.1	1,414.9
5-Day Average		
Gilt Edged Bargains	125.8	119.4
Equity Bargains	169.2	162.4
Equity Value	1,307.8	1,298.2

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1364.0	1361.2	1360.1	1357.1	1356.8	1356.3	1356.6	1356.7

Day's High 1364.0. Day's Low 1356.3. †Cum. div. 205.9.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=12.07.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Allied-Lyons	340	+5	Evered	272	−10
Assocd British Foods	308	+18	Jaguar	578	−2
BAT Industries	416	+8	Morgan Grenfell	488	+8
BP	578	−5	Parkfield	545	+25
Britoil	148	−7	Shell Transport	775	+5
Chesaminster	42	—	Stewart Nairn	18½	+1

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of price changes	Thurs. close	Day's change	Stock	No. of price changes	Thurs. close	Day's change
Mrgan Grenfell	38	465	—	Whessoe	15	32	−4
Glaxo	21	£10⅞	+⅛	Blue Arrow	14	£10⅞	—
McKechnie Bros	19	260	−15	Western Motor	14	225	+22
Thames TV	19	224	−5	Beecham	13	440	+7
Bass	15	775	−15	British	13	305	—
Reed Intl	15	£10⅜	+⅜	Jaguar	12	578	+10

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Beecham	136	440	+24	Glaxo	85	£10⅞	+⅛
Woolworth	118	675	+8	Abaco Inv	84	87	+19
ICI	95	£10⅞	+⅞	Blue Arrow	83	364	−18
Raine Inds	90	75	+8	Jaguar	83	578	+47
Reed	85	183	+17	Bass	82	775	+15
Pearson	87	600	+88	Grattan	82	540	+108

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	98	0	14	364	132	64
Corporations, Dom. and Foreign Bonds	26	0	45	68	50	257
Industrials	226	311	962	1,815	1,278	4,420
Financial and Properties	78	100	327	387	385	1,472
Oils	9	21	75	74	125	394
Plantations	0	1	12	5	6	52
Mines	41	18	78	181	261	483
Others	99	64	118	344	330	562
Totals	559	551	1,720	3,527	2,560	8,086

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (102)

CORPORATION LOANS (3)
LOANS (1)
AMERICANS (7)
BANKS (3)
BREWERS (2)
BUILDINGS (6)
CHEMICALS (5)
STORES (4)
ELECTRICALS (4)
ENGINEERING (7)
FOODS (2)
HOTELS (1)
INDUSTRIALS (18)
INSURANCE (1)
MOTORS (3)
NEWSPAPERS (1)
PAPER (6)
PROPERTY (10)
TEXTILES (1)
TRUSTS (16)
OILS (3)

NEW LOWS (32)

AMERICANS (2) Alcoa, Crown Zellerbach.
CANADIANS (2) Imperial Oil, Inco Engng.
CHEMICALS (2) Coates Bros, Leigh Interests.
STORES (2) Liberty, Do. Non-vtg.
ELECTRICALS (5) Black and Decker, Eurotherm Intl., Lexicon Inc., Motorola, Unitech.
INDUSTRIALS (1) CSR.
MOTORS (1) Plaxtons (GB).
PAPER (1) LCA Hldgs.
TRUSTS (2) China and East Inv. Warrants, Ivory and Sime.
OILS (7) British, Enterprise Oil, LASMO, Do. Opts., Petrocon, Sapphire Petroleum, Sovereign Oil.
MINES (7) Durban Deep, Vlakfontein, Blyvoor, Driefontein, F.S. Cons. Gold, Harmony, St Helena.

APPOINTMENTS

Senior posts at National Westminster

NATIONAL WESTMINSTER BANK has made two major executive appointments "as part of the development programme affecting its domestic banking branch network and operations designed to enhance professionalism and service." Mr Alan Jones moves to the newly-created post of director of commercial banking services. He was assistant general manager (advances). Mr Derek Wanless has been appointed to the new post of director of personal banking services. He was the bank's West Yorkshire area director.

★

Mr Ernst W. Brutsche, chief executive, group treasury, and Mr Hervé de Carmoy, chief executive, international, MIDLAND BANK, have been appointed directors of the bank. These appointments are in line with Midland's strategy announced earlier this year to organise the group into four major business sectors—retail, corporate, investment and international—and follow the recent appointments of *Mr Brian L. Goldthorpe*, director, as chief executive, corporate banking, from July 1; and *Mr Ian Paterson* as director and chief executive, retail banking, from September 1.

★

PRICE WATERHOUSE has appointed 37 new partners in the UK partnerships. This is a record number of admissions, and brings the total number of partners to 386. In London: Mr Victor Abrams, Mr Peter Bower, Mr Richard J. Bradburn, Mr Timothy P. B. Charge, Mr David Crawford, Mr Dipankar M. Ghosh, Mr Bernard B. W. Glass, Mr Quentin C. T. Humberstone, Mr Alan B. Johnson, Ms Emma Lubbock, Mr Andrew J. Marlow, Mr Paul J. Reyniers, Mr Richard J. Rimmer, Mr Jeremy L. Scott, Mr Noel Taylor, Mr Steven D. Unsworth, Mr Graham N. C. Ward and Mr C. David Watson. Birmingham: Mr Anthony T. Sherlock and Mr Stephen P. Webster. Bristol: Mr Martin Beecham and Mr Paul B. Heal. Edinburgh: Mr Alan R. D. Jamieson. Glasgow: Mr J. M. Timothy Ambrose. Leeds: Mr Graham J. Redman. Leicester: Mr Timothy H. R. Porter. Liverpool: Mr Geoffrey R. Stafford. Middlesbrough: Mr Richard V. Watkin and Mr Peter Wilkin. Newcastle: Mr Richard D. Mayland and Mr Christopher J. F. Potter. Nottingham: Mr Colin S. Flanagan, Mr Philip L. A. Hamlyn Williams and Mr Stephen Rogers. Southampton: Mr Robert J. Conway, and Mr Andrew R. McErlain. Windsor: Mr Peter A. Long.

★

The Secretary of State has *appointed Dr Daniel V. McCaughan* as the first chairman of the TECHNOLOGY BOARD FOR NORTHERN IRELAND. This board will advise Government in Northern Ireland on technological issues and on ways in which new technology can help the growth and development of the manufacturing and service sectors of industry. Dr McCaughan has been the technical director of Marconi Electronic Devices in Lincoln since 1985. Dr McCaughan worked in the US for the Bell Telephone Laboratories and returned to the UK in 1974 to join the Royal Signals and Radar Establishment at Malvern. He joined GEC Research in 1980, becoming assistant director, GEC *Hirst Research Centre, Wembley*, in 1984.

★

SVENSKA INTERNATIONAL has made the following promotions: Mr George Anastasi, Euronotes, ECP's, Ms Birgitta Dahllof, new issues, Mr David Evans, bond trading and Mr Martin Hankey, capital markets, all become directors. Mr Bob Johnstone-Ayliffe, systems and accounts, and Mr Leslie Vincent, settlements, have been made associate directors.

★

DEEKO has appointed Mr Peter Thomas as its new financial controller. Prior to joining Deeko, Mr Thomas was employed by the Royal Worcester Group and its subsidiary, Spode, occupying such senior positions as financial director and deputy managing director.

★

Ms Stephanie Walters has been appointed managing director of JONATHAN LOGAN, a division of United Merchants and Manufacturers (UK). She was managing director of Debenhams' womenswear outerwear and coordinates division.

★

BICC-CITEC, the electronic technology and systems subsidiary of BICC, has appointed Mr Peter Frost to the new post of manufacturing director. He takes responsibility for changes in production techniques and automation methods necessary to meet Citec's expansion into systems level products and hybrid assembly. Before joining Citec, he was managing director of Boschert Europe.

★

Two members have been appointed to the SITPRO board: Mr Michael Booth, head of the UK customs practice of Arthur Andersen and Co. and chairman of the CBI's customs policy and procedures panel. Mr Colin Clark, corporate electronic data interchange, manager of ICI.

★

Mr Bill Bosanquet has joined the board of MICRO CABLE as operations director. He joins from BICC where he was regional manager responsible for sales and distribution in the south of England.

★

Mr Roy Roberts has joined the board of SIMON ENGINEERING as deputy chairman. He is group managing director of GKN. Mr Roberts will succeed Mr Harry Harrison as chairman of Simon Engineering, at the next AGM in June 1987.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP   Telephone 01-621 1212

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	131	—	7.3	5.6	8.0	7.5
151	121	Ass. Brit. Ind. CULS	131xd	—	10.0	7.6	—	—
125	43	Airsprung Group	100	—	7.6	6.3	7.5	6.7
46	28	Armitage and Rhodes	33	—	4.3	13.0	4.1	4.9
181	108	Bardon Hill	181	+1	4.6	2.5	20.6	18.9
84	66	Bray Technologies	78	—	4.3	5.5	9.3	8.5
201	81	CCL Ordinary	80	—	2.9	3.6	5.7	8.9
152	86	CCL 11pc Conv Pf	86xd	—	15.7	18.3	—	—
202	80	Carborundum Ord.	202	+2	9.1	4.5	9.6	10.0
94	83	Carborundum 7.5pc Pf.	90xd	—	10.7	11.9	—	—
69	45	Deborah Services	56	—	7.0	12.5	5.6	7.7
45	20	Frederick Parker Group	20	—	—	—	—	—
110	50	George Blair	110	—	—	—	4.7	8.6
68	20	Ind. Precision Castings	65	—	3.0	4.6	17.2	14.3
216	156	Isis Group	162	—	15.0	9.3	12.5	18.8
122	101	Jackson Group	118xd	—	6.1	5.2	8.0	7.2
349	228	James Burrough	348xd	—	17.0	4.9	9.8	8.9
100	85	James Burrough 9pcPf.	99xd	—	12.9	13.9	—	—
56	38	John Howard and Co.	56	—	5.0	8.8	—	—
1430	570	Minihouse Holding NV	1290	—	8.7	0.7	42.6	50.5
100	89	Record Ridgway Ord.	89xd	—	—	—	6.8	11.7
100	89	Record Ridgway 10pcPf.	89xd	—	14.1	15.8	—	—
84	32	Robert Jenkins	33	—	—	—	9.7	21.4
34	28	Scrutons "A"	34	—	—	—	—	7.7
77	66	Torday and Carlisle	84xd	—	5.7	6.8	5.1	6.2
26	2½	Trevian Holdings	26	—	7.9	2.5	6.7	8.8
57	25	Unilock Holdings	55	—	2.1	3.8	15.2	14.9
175	93	Walter Alexander	175	—	8.6	4.9	9.9	12.1
226	190	W. S. Yeates	198	—	17.4	9.2	19.0	21.1

s—Suspended

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	150	136	‡Accord Publications 5p	148	−2	Rd3.1	2.6	3.0	18.7
‡‡	F.P.	15/8	127	114½	‡Airsprung Group 10p	120xd	.....	5.4	2.8	6.3	7.9
150	F.P.	30/6	151	138	Alumasc Group	150	.....	R5.85	2.5	5.5	10.4
115	F.P.	11/7	190	155	Arlington Sec. 10p	183	.....	b1.7	4.3	1.3	25.1
150	F.P.	20/6	161	148	Barker (Charles) 5p	153	−2	u8.0	3.1	2.8	16.7
§145	F.P.	—	158	145	‡Beaverco 5p	147	.....	u6.0	2.4	4.8	11.7
‡‡	F.P.	—	53	43	Bertrams Inv. Tst	43	−2	—	—	—	—
§37½	F.P.	25/7	43	38	‡Bipel 5p	43	+1	R1.225	3.1	4.0	10.8
147	F.P.	4/7	142	130	Blick 5p	140	−2	R3.4	3.1	3.4	13.4
125	F.P.	—	138	128	‡Borland Intl. Inc	136	+2	u02c	1.4	1.0	19.0
145	F.P.	25/7	175	148	Bredero Props	148	−2	R4.25	2.3	4.0	12.6
§60	F.P.	20/6	61½	54	‡Br. Int. Airways 10p	58	+2	bd2.82	2.1	6.8	8.1
§110	F.P.	18/7	115	100	‡C'cell & Armstrong 5p	100	.....	u3.91	1.9	5.5	12.7
§125	F.P.	—	135	131	‡Chelsea Man 5p	134	−1	L2.2	2.8	2.3	22.0
§130	F.P.	4/7	167	150	‡Clarke Hooper 5p	153	.....	b2.3	2.9	2.1	23.0
‡‡	F.P.	—	100	85	Clarkson (Horace)	100	+3	14.75	1.5	6.7	13.7
§84	F.P.	1/8	91	84	‡Coated Electrodes 5p	86	+2	u3.9	1.6	6.4	13.4
§155	F.P.	6/6	232	172	‡Davies (D.Y.) 5p	220	−2	u3.4	2.7	2.3	22.6
§50	F.P.	11/6	64	50	‡Dean & Bowes 5p	64	.....	L2.5	1.5	5.5	17.3
§58	F.P.	4/7	64	59	Denistron Intl 5p	63	.....	u1.65	2.1	3.7	16.1
120	F.P.	17/7	123	111	Evans Halshaw	119	.....	u3.38	3.1	6.9	7.8
140	F.P.	4/7	130	120	‡Fields(Mrs)Inc$0.05	125	.....	R04.5c	2.6	2.5	15.8
§85	F.P.	—	92	82	‡Ford & Weston 5p	87	−1	R3.02	2.6	4.9	11.2
150	F.P.	25/7	155	150	Guthrie Corp	154	+1	u5.3	2.2	4.8	9.9
140	F.P.	20/6	150	141	Haggas (John) 10p	146	.....	ud3.0	3.2	2.9	15.1
§85	F.P.	24/7	101	90	‡Hodgson Hldgs 5p	101	+8	R2.13	2.3	3.0	18.4
R30	Nil	—	325	225	Joel (H.J.) Ltd Units	260	.....	—	—	—	—
145	F.P.	16/7	130	115	Lopex 5p	115	−5	R4.0	2.3	4.9	12.3
157	F.P.	26/6	159	145	‡Monotype Corpn 10p	158	.....	R4.4	1.6	3.9	15.7
§500	F.P.	—	516	480	Morgan Grenfell £1	488	+3	L8.5	—	2.5	—
165	F.P.	18/6	190	170	P-E International 10p	183	+1	1.8	3.4	1.4	29.5
§100	F.P.	27/6	121	103	‡Savage Group 20p	120	−1	R3.0	2.5	3.5	15.9
§165	F.P.	1/8	184	171	‡Smallbone 10p	175	+4	u5.0	2.1	4.0	16.3
—	F.P.	—	55	43	Smith Newcourt War'ts.	55	.....	—	—	—	—
§40	F.P.	31/7	42	35	‡Soundtracs 5p	42	+4	61.2	2.8	4.0	12.5
§98	F.P.	—	106	102	‡Space Planning 10p	102	.....	R1.8	3.4	2.5	16.6
§95	F.P.	25/7	114	104	‡Task Force 5p	114	.....	R1.78	3.8	2.2	16.9
112	F.P.	8/8	127	116	Tenby 50p	127	.....	u4.0	2.6	4.4	9.9
190	F.P.	—	242	219	Thames TV	220	−4	49.5	1.9	6.1	12.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‡	F.P.	5/8	111	104	Amari 8% Cum. Conv. Red. Pref.	105½	.....
§97.947	£25	17/9	27¾	25¼	Bankers Inv. Tst. 10½% Deb. 2016	27¾	+½
§99.50	£10	28/8	9¼	8	Bristol Water 9.8% Red Deb '96	8½	.....
§99.256	£30	29/8	30½	27⅛	Brit. Alcan Aluminium 10⅞% Deb. 2011	28¾	+½
§94.203	£25	31/10	25⅞	23⅝	Brixton Est. 9.5% 1st Mort Deb 2026	25¼	+1
109.89	£40	29/8	40	37¼	Estates & Gen. 11¼% 1st Deb. 2018	38	+½
§99.45	£30	31/10	32½	29½	European Inv. Bank 9% Ln 2001	32½	+½

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. *b* Annualised dividend. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend-cover on earnings updated by lastest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$360	—	—	4	8	—	—	$344.20
GOLD C	$380	15	1	—	—	—	—	"
GOLD C	$400	20	0.50	—	—	—	—	"
GOLD P	$300	20	0.70	—	—	—	—	"
GOLD P	$320	30	1.80	—	—	—	—	"
GOLD P	$340	6	4.50	—	—	—	—	"
		Sept.		Dec.		March		
SILV C	$500	—	—	8	55	—	—	$507
£F/P	Fl.370	—	—	—	—	5	11.50	F/377.57
£F/P	Fl.375	5	5.50	—	—	—	—	"
S/FL C	Fl.240	11	9	—	—	—	—	F/224.70
S/FL C	Fl.245	254	6.70	7	8.70	—	—	"
S/FL C	Fl.250	285	4.80	15	6.80	—	—	"
S/FL C	Fl.255	86	2.80	15	4.50	—	—	"
S/FL C	Fl.260	187	1.90	7	3.20	—	—	"
S/FL C	Fl.265	9	0.90	2	2.80	—	—	"
S/FL C	Fl.270	50	0.50	16	2	—	—	"
S/FL C	Fl.275	2	0.50	15	1.20	—	—	"
S/FL C	Fl.280	—	—	15	0.90	—	—	"
S/FL P	Fl.240	20	4.20	15	7.70	5	10.50	"
S/FL P	Fl.245	63	6.50	10	10.50	—	—	"
S/FL P	Fl.250	27	9.500	17	13.50	—	—	"
S/FL P	Fl.265	52	21.40	—	—	—	—	"
S/FL P	Fl.275	—	—	5	32.50	—	—	"
S/DM P	Dm.225	10	11.50					Dm217.27
S/DM P	Dm.240	10	23					"
		July		Oct.		Jan.		
ABN C	Fl.600	251	5.50	81	22.50	15	35.50	Fl.595
ABN P	Fl.560	1	0.40	222	4.50	11	8	"
AEGN C	Fl.110	47	0.90B	13	5	4	8	Fl.106.60
AEGN P	Fl.110	27	4.50	148	6.80	—	—	"
AH C	Fl.85	143	5.50	23	9	5	11.50A	Fl.90.20
AH P	Fl.90	15	1.20	115	4.20	1	7.50	"
AKZO C	Fl.180	224	0.40	190	5.30	64	8.50B	Fl.167.50
AKZO P	Fl.170	198	4.40	245	7.20	112	9	"
AMEV C	Fl.85	20	0.10	11	2.70	13	3.70	Fl.79.60
AMEV P	Fl.80	5	1.40	120	3.20	—	—	"
AMRO C	Fl.110	109	0.50	67	5.50	29	8.30	Fl.107.30
AMRO P	Fl.105	21	0.90	42	3.90	—	—	"
GIST C	Fl.60	210	0.50	30	3	—	—	Fl.58.40
GIST P	Fl.58	152	0.70	5	2.20	—	—	"
HEIN C	Fl.180	41	2.20	268	7.70	9	12.50	Fl.179
HEIN P	Fl.170	56	0.40	208	3.60	3	5.70	"
HEO C	Fl.172.50	89	6.20	15	11.50	—	—	"
HEO P	Fl.172.50	25	0.40	20	5.50	—	—	"
HOOG C	Fl.120	139	0.50	671	5.10	2	9A	Fl.111.80
HOOG P	Fl.110	56	1.70	826	4.50	4	6	"
KLM C	Fl.50	102	0.60	148	3.20	44	4.90	Fl.48.70
KLM P	Fl.50	271	1.80	229	4.30	25	5.50B	"
NEDL C	Fl.180	36	0.80B	12	6.50	—	—	Fl.178
NEDL P	Fl.160	—	—	34	3.30	—	—	"
NATN C	Fl.85	35	2	12	5.60	22	8.20	Fl.85.80
NATN P	Fl.90	185	5	35	6	—	—	"
PHIL C	Fl.60	245	0.10	964	1.20	386	2.10	Fl.51
PHIL P	Fl.50	120	0.80	1184	2.50	281	3.20	"
RD C	Fl.190	605	5.60	419	11.30	118	15.10	Fl.194.80
RD P	Fl.190	116	0.60	630	4.90	299	6.30	"
ROBE C	Fl.100	—	—	—	—	12	2.70	Fl.94.10
UNIL C	Fl.500	548	7.40	517	25.30	103	35	Fl.500.30
UNIL P	Fl.500	106	6.50	179	13.50	12	19	"

TOTAL VOLUME IN CONTRACTS: 28,374

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 2, 1986	Increase (+) or decrease (−) for week	
	£		£
LIABILITIES			
Capital	14,553,000		—
Public Deposits	80,894,982	−	597,207
Bankers Deposits	844,871,293	+	115,791,426
Reserve and other Accounts	1,466,545,340	−	126,462,294
	2,406,954,615	+	10,074,291
ASSETS			
Government Securities	475,981,311	+	38,335,000
Advances & other Accounts	1,105,083,926	+	421,712,238
Premises Equipment & other Secs.	819,082,314	−	453,219,789
Notes	6,554,634	+	3,270,742
Coin	255,430	+	23,900
	2,406,954,615	+	10,074,291

ISSUE DEPARTMENT

	£		£
LIABILITIES			
Notes in Circulation	12,473,445,366	+	106,729,258
Notes in Banking Department	6,554,634	+	3,270,742
	12,480,000,000	+	110,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	4,449,698,170	−	649,083,666
Other Securities	8,019,286,730	+	759,083,666
	12,480,000,000	+	110,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

80 Holdenhurst Rd, Bournemouth

Allied Dunbar Unit Trusts PLC (a)(c)

Anthony Wieler Unit Tst. Mgmt. Ltd

Arbuthnot Securities Ltd (a)(c)

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

American Tst.	65.7	70.7xd	+0.1	1.6
Far East & Gn. Tst.	91.5	97.4	+0.1	1.0
Intl. Growth Tst.	67.4	71.7xd	.....	0.8
Income Tst.	83.9	90.2	+0.4	5.6
Japan Growth Tst.	112.6	120.5	+0.1	0.2
Small Cos. Tst.	116.7	125.7	+0.9	2.0
Tchnlgy. Tst.	33.0	35.4	.....	0.2
Australia Trust	36.4	38.9	+0.8	2.0
UK Trust	130.9	139.3xd	+0.3	2.7
European Growth Tst	48.6	51.7xd	+0.1	1.2
Hong Kong Tst	20.2	21.4	.....	1.6

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	14.5	15.5	+0.2	0.15
Pacific Basin	12.9	13.7	+0.2	0.2
Canadian Balncd Grwth	59.0	63.0	.....	0.98
Clasic Nat	100.1	106.2	.....	7.8

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smlr Co's (z)	58.3	60.0	−0.1	1.50
British Growth (z)	68.0	69.9	+0.3	1.75
British Income (z)	66.5	68.4	+0.2	4.75
British Extra Yield(z)	51.7	53.2xd	+0.3	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.3	68.4	+0.1	0.00
U.S. Govmnt Bond F	50.504	0.506	...	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Combl & Equity Tst	49.7	52.9	−0.1	7.51
Growth Trust	52.5	55.9	+0.3	2.19
Income Trust	55.6	59.2	−0.3	4.95

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	69.0	72.5xd	...	2.90

Weekly dealing day Tuesday

The Yorkshire General Trust
Woocsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	124.4	132.4xd	+0.5	3.44

Cannon Assurance Ltd—Continued

Index	112.0	118.5	+0.5	—
Far East	168.5	178.3	+0.9	—
Global	94.7	100.2	.....	—
European	96.0	101.6	+0.3	—
Japan	102.2	108.1	+1.8	—
2nd Series Pension Accumulation				
Equity	501.0	530.2	+0.1	—
High Income	329.2	348.4	−0.8	—
Property	277.4	293.5	.....	—
Managed	341.7	361.6	.....	—
Deposit	249.1	263.6	.....	—
Gilt	258.9	274.0	+1.2	—
American	397.0	420.1	−2.4	—
International Money	255.6	270.5	+1.1	—
Index	122.5	129.6	+0.3	—
Far East	182.1	192.7	+1.1	—
Global	94.7	100.2	.....	—
European	96.3	101.9	+0.3	—
Japan	104.2	110.3	+2.3	—
Other Funds				
Equity Units		67.97	+0.02	—
Property Units		21.08	.....	—
Equity Bond/Exec	42.44	44.91	+0.01	—
Property Bond/Exec	28.42	30.07	.....	—
Balanced Bond/Exec	33.76	35.72	.....	—
L&E SIF 1	110.0	117.0	.....	—
L&E SIF 2	72.5	76.5	.....	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	106.0	112.0	.....	—
Risk & Reward Bond	119.0	126.0	.....	—
Murray Johnstone Fd	116.0	123.0	.....	—
Money Market Fd	100.0	106.0	.....	—
Ivory & Sime Pens Fd	99.0	105.0	.....	—
Risk & Reward Pen. Fd	101.0	107.0	+1.0	—
Murray J'stone Pens Fd	114.0	120.0	.....	—
Money Market Pens Fd	100.0	106.0	.....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series				
Property Fund	113.9	119.9	.....	—
Money Fund	219.0	230.6	+0.1	—
Managed Fund	405.1	426.5	+1.2	—
Equity Fund	255.5	269.0	+0.9	—
Fixed Interest Fund	150.1	158.0	+1.1	—
Far East Fund	185.3	195.1	+1.6	—
North American Fund	188.6	198.6	+0.1	—
Natural Resources Fund	133.5	140.6	−1.0	—
S.U.N. Flag Fund	125.5	132.2	+1.2	—
Pension Managed Fund	380.0	400.0	+0.5	—
Pension Equity Fund	245.2	258.2	−1.2	—
PBR Fund	129.2	136.0	+5.3	—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$16.74	+0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA

10A Boulevard Royal, Luxembourg

Advanced Tech		$17.46	+0.27	—
Dynamic Gwth Fd		$10.94	+0.39	—

Zero Bond Fund Limited

PO Box 228, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.72	12.40		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-583 1815				
Deposit	9.75		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.38	7.76	11.35	6mth
7-day Fnd	10.62	7.49	10.93	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.07	7.59	10.92	6-Mth
7-day Fund	9.75	7.29	10.45	6-Mth
Dollar	6.87	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	9.25	6.80	9.63	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.93	9.99	Qtr
Mth Int. Chq.	9.35	6.91	10.04	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	10.15	7.85	11.40	Mth
Bank of Scotland				
30 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.15	6.83	9.94	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252391				
High Int. Cheque	9.50	7.10	10.3338	Qtr
Benchmark Trust Ltd				
9 Hanover Place, W1M 9AG. 01-631 3313				
Con Chq Deposit Acc	10.00	7.47	10.88	Mth
Britannia Investment Services Ltd.				
74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	9.50	7.10	10.3338	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.625	7.19	10.47	Mth
U.S. Dollar	6.25	4.67	6.27	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.81	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus £5,000+		7.50	10.93	Mth
For other rates please 'phone our Dataline 01-846 9765				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	5.69	5.00	7.18	Qtr
£2,500 +	9.38	7.00	10.12	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	9.50	7.10	10.30	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	9.15	6.83	9.94	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.37	7.75	11.11	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	9.00	7.20	10.45	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	9.50	7.10	10.00	—
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	9.31	6.96	10.13	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	9.05	6.75	9.51	Qtr
£10,000 +	9.36	7.00	9.89	Qtr
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP 01-256 9999				
£2,000 to £9,999	9.25	6.875	9.94	Qtr
£10,000 and above	9.375	7.00	10.12	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct.	9.625	7.19	—	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 4771				
High Int Chq Acc	10.00	7.48	10.89	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	10.25	7.66	11.17	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	9.53	7.10	10.27	Qtr
[illegible]				
Demand Acc	9.75	7.28	10.54	Qtr
Money Acc	9.53	7.12	10.30	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	9.00	6.73	9.77	Mth
Over £10,000	9.25	6.91	10.04	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	10.13	7.57	10.97	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc.	11.00	8.22	—	Qtr.

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv. CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	12
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	27
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowater	30	Reed Intnl	75
Brit Aerospace	43	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min.	2½
Hanson Tst.	16	Brit Petroleum	45
Hawker Sidd	52	Burmah Oil	33
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	33	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

Cannon Assurance Ltd—Continued
Index 112.0 118.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	1986 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	100¼	Exch. 14pc 1986	101¼	.....	13.83	9.56
98⅝	94⅞	Exch. 2½pc 1986	98¼	.....	2.54	7.24
102	100½	Exch. 13¼pc 1987	102½xd	.....	12.97	9.11
100⅝	97	Treas 10½pcCv '87	100	+⅛	10.19	9.27
97	92	Exch 2½pc 1987	97	+⅛	2.56	6.45
101¼	97½	Exch. 10½pc 1987	100¼	.....	10.43	9.36
98⅝	93⅝	Funding 6½pc '85-87‡‡	98½	.....	6.62	8.72
101½	96	Treas. 10pc 1987	100	.....	9.94	9.32
97	90⅞	Treas 3pc 1987	95	+¼	3.11	6.81
104½	99⅝	Treas. 12pc 1987	103¼	+⅛	11.62	9.25
99¼	92	Treas 7¾pc 1985-88‡‡	98½xd	+¼	7.88	8.89
104	96½	Exch 10½pc '88	102½	+⅛	10.24	8.97
102⅝	95⅝	Treas 9½pc Cv '88	101¼	+⅛	9.63	9.01
96¼	89⅝	Transport 3pc '78-88	93½xd	+¼	3.22	6.69
102⅞	93	Treas. 9½pc '88	100	+⅛	9.42	9.07
107	98	Treas 11½pc 1989	105	+⅛	10.91	9.11
103½	93¼	Treas 9½pc Cnv. '89	101⅝	.....	9.37	8.91
92¼	82	Treas 3pc 1989	90¼	+⅛	3.32	6.86
105	95	Treas 10½pc 1989	103	+¼	10.13	9.03
104	94¼	Exch 10pc 1989	102	+⅛	9.75	9.04
107	97	Exch 11pc 1989	105⅛	+¼	10.44	9.01
93	84¼	Treas 5pc 1986-89	91	.....	5.44	7.65
110	94⅝	Exch 10½pc Cv '89	107¼	+⅛	9.56	7.74
114	103	Treas 13pc 1990‡‡	111xd	+⅛	11.63	9.00
108¼	97¼	Exch 11pc 1990‡‡	105	+⅛	10.50	9.02
113½	101	Exch. 12½pc 1990	110¼	+⅛	11.29	9.01
89½	79⅝	Treas. 3pc 1990	87	.....	3.45	6.78
100	89¼	Treas 9½pc 1987-90‡‡	98¼	+⅛	8.39	8.74

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
80	45	Colby Res Corp.	45	......	—	—	—
300	130	Cons. Murch. 10c	148	+10	Q100c	ϕ	15.8
34	28	Ennex Int. Ir10p	33	+3	—	—	—
102	70	Greenwich Res	95	−2	—	—	—
157	93	Hampton Areas 10p	146	−2	ϕ1.0	—	1.0
250	165	Highwood Res	252	......	—	—	—
£19¼	£13½	Homestake Mining $1	£13⅞	......	Q20c	—	1.0
310	175	McFinley Red Lake	190	−10	—	—	—
285	195	Musto Explorations	200	......	—	—	—
51	33	New Sabina Res C$1	36	......	—	—	—
260	205	Northgate C$1	218	+5	—	—	—
790	513	RTZ	617	−3	22.0	2.8	5.0
£164	£115	Do. 9½pcLn '95-2000	£136	−½	Q9½%	15.5	17.3
950	800	Tara Expln $1	875	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	60xc	......	Fin. 13% 97/02	£122¾	......
Craig & Rose £1	£13	......	Arnotts	325	+8
Finlay Pkg. 5p	43	......	CPI Hldgs	43	......
Holt (Jos) 25p	800	......	Carrol Inds.	165xd	+15
IoM Stm. £1	87	......	Dublin Gas	53	......
			Hall (R. & H.)	72	......
IRISH			Helton Hldgs.	30	......
Fund 11¼% 1988	£103¼	......	Irish Ropes	109xd	......
Nat. 9¾% 84/89	£101¼xd	......	Unidare	198	......

"Recent Issues" and "Rights" Page 15

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FINANCIAL TIMES
Saturday July 5 1986

Bostwick Industrial Doors

Panel to rule on Lloyds bid timing

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE TAKEOVER PANEL is to meet on Monday to decide whether to give Lloyds Bank more time in its record £1.3bn bid for Standard Chartered Bank.

Lloyds will not be able to complete the deal by the August 2 deadline set by the Takeover Code because of delays in obtaining clearance from the US regulatory authorities to buy Union Bank, Standard's California subsidiary.

The full panel is being convened after Schroders, the merchant bank acting for Standard Chartered, complained that Lloyds' inability to complete the deal in time had created a "false market" in its shares.

The panel will have two decisions before it:

● First, whether to act now or leave the decision until after next weekend when the number of acceptances for the Lloyds bid will be known;

● Second, if the panel does decide to make a ruling, it will have to address the basic question of whether to grant Lloyds an extension, and if so, for how long.

If an extension is given, it would set a precedent. Previously, the panel has granted only one or two small extensions on minor technical grounds. The issue before it on Monday will be whether Lloyds has been unfortunately caught between conflicting regulatory requirements on either side of the Atlantic, or whether it created a problem for itself by leaving its approach to the US authorities until too late.

The problem arises because Lloyds failed to get approval from the Federal Reserve Board, the US central bank, by Thursday. This means the statutory 30-day waiting period for anti-trust clearance from the US Justice Department which follows will expire after August 2, the last day by which Lloyds must declare its offer unconditional under the Takeover Code.

Fed approval is not now expected until July 16, which means that full US clearance will not come until August 16.

Lloyds would prefer the panel to make a ruling after its offer closes next Saturday because a heavy vote in favour of the bid would strengthen its case that the wishes of Standard shareholders should be heeded. In a statement yesterday, it said that if it received enough acceptances, it would ask the panel for up to two weeks more to close the deal. But it would still pay Standard shareholders on August 23 as required by the code.

Lloyds will argue to the panel that the chances of a US go-ahead are strong. It has been advised that the Department of Justice has already told the Fed that it will not challenge the acquisition because it will not affect competition on the US market. The Californian banking authority has also said that it will approve the deal when the Fed does.

Mr Brian Pitman, Lloyds chief executive, said yesterday that Lloyds had dealt satisfactorily with all the questions raised by the Fed. "We remain confident that it will be approved," he said.

Mr Michael McWilliam, Standard's chief executive, said Standard would oppose any request by Lloyds for more time. But he also stressed that this was a technical matter unrelated to the fundamental reasons why Standard had rejected Lloyd's bid.

Standard Chartered's shares gained 7p to close at 805p last night. Lloyds shares lost 7p to 395p. Lloyds values its basic offer at 836p per Standard share and the alternative at 859p.

BID FOR STANDARD CHARTERED—THE KEY DATES

July 12. Offer closes. If Lloyds has received insufficient acceptances by this date, the offer lapses.

July 16. The Fed expected to approve the deal. If so, US Justice Department 30-day statutory waiting period will begin. Full US approval cannot be given until this expires.

August 2. Date by which Lloyds must obtain US approval in order to make its offer wholly unconditional under the Takeover Code.

August 16. US approval expected. Lloyds will ask Takeover Panel to postpone August 2 deadline to this date.

August 23. Payment due. Lloyds expects to keep to this date even if US approval is delayed.

TV-am to join USM on Tuesday in £40m sale offer

By Alice Rawsthorn

THE BREAKFAST television station, TV-am, will join the Unlisted Securities Market on Tuesday in an offer for sale which will value the company at more than £40m.

Little more than two years ago TV-am was on the brink of bankruptcy, having accumulated losses of £15m in its first 18 months on the air. Yet in its last financial year to January 31, the station produced pre-tax profits of £4.8m and is expected to muster more than £7m in the current year.

In the flotation, United Newspapers will sell the 34 per cent holding it acquired in TV-am through its takeover of the original holders, Fleet Holdings, last autumn. The holding, for which Fleet paid just under £4.5m three years ago, should realise around £14m from the flotation.

The company's employees will be given preferential rights over 10 per cent of the shares on issue, or 3.4 per cent of TV-am's equity.

Although the TV-am board has been formulating plans for a flotation since last summer, it had originally envisaged going public in late 1986 or early 1987.

United's takeover of Fleet accelerated its plans because of the Independent Broadcasting Authority's stipulation that no single company can hold substantial stakes in more than one independent television company. United already held a stake in Yorkshire Television and has just sold its holding in Tyne Tees.

Mr Tim Aitken, TV-am's non-executive chairman, said: "Even without the takeover, this would be an exciting time for TV-am to float. There is huge potential for growth in our advertising revenue. The next three years will be even more exciting than the last three."

The TV-am board with its advisers Kleinwort Benson, the merchant bank, and stockbrokers County Securities and Kleinwort-Grieveson — have spent the last month or so presenting their case to institutional investors. Nonetheless, according to Mr Bruce Gyngell, the managing director, the station is eager to attract as many individual investors as possible.

TV-am initially expected to go public with a market capitalisation of between £30m and £35m. City attitudes have since softened towards the television sector, however, spurred by the successful flotation of Thames Television and the publication of the Peacock Committee's report which advised against the introduction of advertising to the BBC.

THE LEX COLUMN

Brinkmanship from Lloyds

Should Lloyds Bank be allowed to move the goal posts in its kick at Standard Chartered? The vetting procedures of the US Federal Reserve have now ground slowly enough to make it impossible for Lloyds to comply with the timetable stipulated by the Takeover Code. But it is possible, indeed not at all unlikely, that a majority of the shareholders of Standard Chartered will find Lloyds' offer to their taste. In that event, should the Takeover Panel deny Lloyds its victory, and Standard shareholders the chance to extract the value that they had seen in the Lloyds offer?

In reaching a decision on these questions — which it is being asked to do on Monday— the Takeover Panel will have to choose between principles which seem quite incapable of getting on with each other, yet can be presented as vital to the spirit of the Takeover Code.

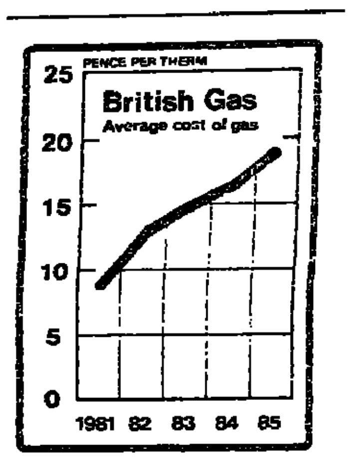
In Lloyds' favour, there is a feeling that the code is designed to produce equitable treatment of shareholders; that the precise wording of the code should not be enforced in a way that frustrates their legitimate wishes. In this case, if there were a majority in favour of giving control to Lloyds, the demands of equity would suggest that the extra time be conceded, in order to permit completion. As things currently stand, Lloyds is still claiming that it has a chance of completing the bargain by August 23— so the delay is one more of form than substance.

This all seems entirely reasonable until the other side is presented. Standard will argue that Lloyds should have admitted from the start that its US regulatory paperwork might take longer than the code permits, given the probability that friends of Standard might throw in the odd spanner. Or else Lloyds should have accelerated the necessary approvals by consulting the Fed — extensively, in confidence — before the bid was launched.

Failure on these counts looks worse than the mere technicality of overrunning the timetable: it can be represented as a breach of the general principle that offers should not be made unless it is believed they can be carried through. If that principle is to be bent, the incentive to comply with the code is correspondingly weakened; from this viewpoint, doubts about the viability of an offer can henceforward be postponed until the last minute, when Panel and shareholders are in a bind.

When it comes down to hard cases on Monday, the Panel will have to think carefully which line is in fact likely to do more harm to the fragile practice of takeover regulation in the City. Hardliners will argue that the number of votes that can have nothing to do with the timetable, but it is hard to believe that this would cut much ice if the shareholders had already voted for Lloyds. So long as it imposes fresh safeguards about the actual time at which the deal will have either to be completed or lapsed, the Panel should give Lloyds a bit more rope, and allow the shareholders to make up their minds.

Index fell 9.2 to 1356.5



British Gas

The attractions of British Gas as an equity investment diminish daily. What was touted last September as a hedge against a falling oil price is now described in terms reminiscent of US pharmaceutical advertising under the spectre of malpractice: a major new addition to the UK equity market is the most James Capel, in its exhaustive study of the gas business this week, will say to pull in the punters.

In fact, British Gas's value as a hedge to an oil-price fall will weigh only with the $2-barrel Jeremiahs, at which point British Gas itself will not be too happy: the advantage of passing on gas costs to passive captive customers vanishes when even these are thinking of a switch to oil.

Already on the industrial side, British Gas seems to have lost about 10 per cent of its interruptible volume, or say 2 to 3 per cent of the whole, to cheap fuel oil. This is low-margin business, and only there for the sort of demand management also provided through the investment in Morecambe and Rough. But a privatised British Gas will be reporting more than usually stolid first-year earnings. The benefits of lower oil prices on the supply side will only be felt, because of contracts linked to historic oil prices a year or more later. And anybody who feels the oil price has touched rock bottom should buy the oil companies for their gearing to the recovery.

For all the diligence of James Capel and Wood Mackenzie, the other broker to the issue, historic information is not much help to the investor. British Gas is clearly no asset play. For what it is worth, this particular bit of family silver is valued at £15bn on an inflation-adjusted net asset basis but there is no market in the world that would pay that for a break-up value of next to nothing. The earnings record is a bit patchy. In state hands, profit somehow ends up a balancing item and British Gas had, it seems, actually budgeted for a fall in profits in 1984-85 because of overcharging in the years before to cover peak spending on Morecambe and Rough.

In any but a pathological price collapse, British Gas can pass its gas costs on to the tariff customers that make up 60 per cent of the business, and dividends should therefore rise more or less with inflation. In fact, since British Gas has managed to hold its engineering costs, the formula for control of non-gas costs should still leave room for modest real profits growth in the tariff sector. Those institutions demanding a 10 per cent yield are therefore asking for a 4 percentage point risk premium over the real return from fixed-interest instruments. This is evidently trying it on, and perhaps discounts a Militant victory at the polls. But a yield much lower than B.P. of 7 to 8 per cent, say, might be pushing it.

Italian crisis worsens

By Alan Friedman in Rome

THE Italian governmental crisis worsened last night when President Francesco Cossiga appointed Mr Amintore Fanfani, a former prime minister and now senate chairman, as negotiator between the Christian Democrats and the Socialists.

This indicated that the conflict between Mr Bettino Craxi, the caretaker prime minister and leader of the Socialist Party, and Mr Ciriaco de Mita, the Christian Democrat leader, had deepened and that the crisis, which has already lasted a week, will continue into next week.

The five-party coalition led by Mr Craxi fell on June 27, when the Prime Minister resigned after a parliamentary defeat. Since then, Mr Cossiga has held intensive consultations with the leaders of all political parties.

Mr Craxi held office since August 1983 but his party took only 11.4 per cent of the vote in the last general election, against 32.9 per cent for the Christian Democrats. He is demanding to be reinstated without a time limit on his tenure.

Mr de Mita has proposed that Mr Craxi continue in office until the end of the parliament in 1988, provided he supports a Christian Democrat prime minister for the whole of the next parliament, from 1988 to 1993.

The Socialists have rejected what they call Mr de Mita's "seven-year pact" and Mr Giovanni Spadolini, Defence Minister and leader of the centrist Republican Party, declared yesterday: "A pact for seven years? I propose instead a pact for seven months so that we can address urgent problems."

The appointment of Mr Fanfani, whose office is meant to put him above party politics, was interpreted here yesterday as a play for time.

More Third World loans urged

BY WILLIAM DULLFORCE IN GENEVA

PRIVATE banks and governments need to increase lending to developing countries immediately, if the reduction in economic growth in the Third World is to be reversed, Mr Jacques de Larosière, managing director of the International Monetary Fund, said yesterday.

He proposed that industrial countries should resume or increase, on a case-by-case basis, the cover offered by their export credit agencies to countries which had rescheduled their debts and were making serious efforts to adjust their economic policies.

Speaking at the annual meeting in Geneva of the UN economic and social council, Mr de Larosière also indicated that he favoured the further lowering of international interest rates, for which political and business pressure has been increasing in the US and in developing countries.

A decline of 4.5 percentage points in nominal rates over the past two years had saved the indebted countries nearly $16bn (£10bn) a year in net interest payments but rates remained high by historical standards.

Lower rates of inflation in the industrial countries and plans for "major fiscal consolidation" in the US, combined with prudent fiscal policies and moderate monetary expansion, should permit the reduction in interest rates to continue, Mr de Larosière said.

Focusing on the "deterioration in the human condition" in many Third World countries during the first half of the decade, he stressed it was in the interests of private bankers and government of the industrial nations to help to rekindle growth.

The average annual economic growth rate of 2.5 per cent in developing countries over the past five years had been less than half that recorded during the 1960s and 1970s. Taking the population increase into account, real per capita Gross Domestic Product was no higher than in 1980.

Mr de Larosière's promptings on increased commercial bank lending fall into line with recent pressure from the US Treasury on the banks to start playing their role in the "programme for sustained growth" in 15 indebted countries. This was launched last October by Mr James Baker, Treasury Secretary.

The so-called Baker Plan advocates that commercial banks should advance $20bn in new loans over three years to complement increased credits from the World Bank and other international agencies. European banks in particular have been reluctant to take up this idea without greater commitments from their governments.

The growth in net new lending by commercial banks to developing countries fell from 7 per cent in 1983 to 3 per cent in 1984 and was even lower last year, Mr de Larosière said.

Governments in industrial countries, he proposed, should demonstrate flexibility when negotiating reschedulings of government-to-government debt in the Paris Club, support capital increases for the World Bank and the International Development Association and subscribe to the World Bank's newly-created Multilateral Investment Guarantee Agency.

Mr de Larosière vigorously defended the IMF against charges that the economic adjustment programmes it imposed on heavily indebted countries conflicted with their need for growth and caused social hardship.

Western industrial countries have agreed to lower minimum interest rates on officially guaranteed export credits, the Organisation for Economic Co-operation and Development said yesterday. The rates for poorest countries will fall from 8.8 per cent to 7.4 per cent from July 15

Life cover boom

Continued from Page 1

So the best-performing traditional life assurance companies, on the inner panel recommended by building societies, are enjoying a boom in life assurance sales.

Standard Life's new annual premium income on mortgage-related business was 70 per cent up in the first six months of the year to £23m. Scottish Amicable's has doubled to the same level. Norwich Union has seen an 84 per cent rise to £24.3m, while Friends' Provident's income has nearly tripled to £13.5m.

The assurance companies are handling more life policies than in the boom of three years ago, now aided by the Miras system of tax credit by which borrowers' repayments have been reduced to take account of the tax relief which used to be reclaimed from the Inland Revenue.

Norwich Union is handling 7,000 proposals a week—double the figure of a year ago—while *Standard Life, which handled* 9,000 policies in January, dealt with 16,000 in June and is dealing now with more than 7,000 proposals a week.

Considerable administrative strain has been imposed, especially as policyholders' expectations of service have risen.

Standard Life admits to being behind with its work despite employing 150 extra full-time and 130 temporary staff since the beginning of the year.

A large element of the boom is one-off business from borrowers switching mortgage methods. Even so, the building societies and the companies expect even more business in the next few months.

The most tax-efficient way to pay off a mortgage is to use a pension contract instead of an endowment, but such mortgages are still largely confined to the self-employed, and to company directors and executives.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Transport 3pc 78-88	£93¼	+	½
Treas 11½pc 2003-07	£122¾	−	1¼
Treas 2pc I.L. '06	£106¼	+	¼
Assoc Brit Ports	308	+	18
Avana	554	+	17
Canning (W.)	122	+	4
Countryside Props	462	+	7
Crysalis	198	+	10
Davy Corp	128	+	7
Elliott (B.)	103	+	8
Jacques Vert	181	+	16
Kwik-Fit	111	+	6
Marler Ests	520	+	20
Norscot Hotels	122	+	7
Parkfield Group	545	+	25
Pearl Assurance	£15¼	+	¾
Pressac	150	+	20
Sekers Intl	124	+	8

FALLS			
Alexanders Hldgs	17	−	3
Britoil	148	−	7
Brown Boveri Kent	99	−	9
Courtaulds	297	−	7
Evered	272	−	10
LASMO	98	−	5
McKechnie Bros	250	−	10
Matthews (B.)	273	−	20
TI	543	−	22

WORLDWIDE WEATHER

UK today: Showers, bright periods in the E. at first. Temperatures near normal. Outlook: Rain clearing. Cooler.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	Corfu	S	28	82	Luxmbg.	F	21	70	Peking	S	25	77
Algiers	S	28	82	Dallas	S	32	91	Madeira	S	21	70	Perth	S	16	61
Amsdm.	C	19	66	Dublin	F	18	64	Madrid	C	30	86	Prague	F	29	84
Athens	F	28	82	Dbrvnk	S	26	79	Majorca	S	32	90	Reykjvk.	F	14	57
Bahrain	S	[illegible]	95	Ednbgh.	F	17	63	Malaga	S	26	79	Rhodes	S	27	81
Barcelona	S	20	68	Faro	S	28	82	Malta	S	27	81	Rio J'o		—	—
Beirut		—	—	Florence	T	29	85	M'chstr.	C	18	64	Rome	S	27	81
Belfast	C	17	63	Frankft.	S	26	79	Melbne	F	13	55	Salzbrg.	S	25	77
Belgrade	S	26	79	Geneva	S	26	79	Mex. C.		—	—	S'Frisco	S	18	64
Berlin	S	26	79	Gibraltar	S	24	75	Miami	T	29	84	Singapr.		—	—
Biarritz	C	21	70	Glasgow	F	17	63	Milan	S	29	84	S'tiago		—	—
Bordeaux	C	18	64	G'rnsey	S	17	63	Montrl	C	18	64	Stckhm.	F	22	72
Boulogne	C	16	61	Helsinki	S	21	70	Moscow	S	19	66	Strasbg.	S	25	77
Bombay	R	30	86	H. Kong	F	28	82	Munich	F	25	77	Sydney	F	21	70
[illegible]	F	27	81	Innsbrk.	C	23	73	Nairobi	C	20	68	Tangier	S	29	84
[illegible]	F	16	61	Inverness	C	16	61	Naples	S	28	82	Tel Aviv	S	29	84
Bristol	R	18	64	I.o.Man	C	16	61	Nassau		—	—	Tenerife	S	25	77
Brussels	S	22	72	Istanbul	F	28	82	Nwcstl.	C	17	63	Tokyo	C	23	73
Budpst.	F	30	86	Jersey	F	19	66	N Delhi	S	35	95	T'r'nto	C	23	73
Cairo	S	[illegible]	91	Jo'burg	S	17	63	N York	S	23	73	Tunis	S	30	86
Cardiff	R	16	61	L. Plms.	C	22	72	Nice	S	26	79	Valencia	S	28	82
Cape T.	R	17	63	Lisbon	S	25	77	Nicosia	S	27	81	Venice	S	26	87
Chicago	S	27	81	Locarno	F	28	82	Oporto	S	20	68	Vienna	S	28	82
Cologne	F	25	77	London	F	23	73	Oslo	F	21	70	Warsaw	S	31	88
Cpnhgn	F	19	66	L. Ang.	C	21	70	Paris	S	24	75	Zurich	S	25	77

C—Cloudy F—Fair R—Rain S—Sunny T—Thunder

Swedish drugs industry restructuring plan revived

BY OUR STOCKHOLM CORRESPONDENT

PROPOSALS TO restructure the Swedish pharmaceuticals and biotechnology industry have been partially revived. Earlier proposals collapsed when it was discosed that Mr Refaat el-Sayeed, majority shareholder and the chief executive of one of the biggest companies involved, had faked his academic credentials. However, Fermenta, Mr el-Sayeed's company, is not involved in the plan announced yesterday.

Under the plan in a SKr 3.3bn (£3m) deal Pharmacia, Sweden's second-largest pharmaceuticals group, is to buy Leo, a rival Swedish drugs company indirectly controlled by Volvo, the motor, energy and foods group which is Sweden's largest industrial company.

Earlier plans would have combined Pharmacia, in which Volvo also has a significant stake, Leo and Fermenta to create a Swedish biotechnology group able to compete aggressively in world markets.

Pharmacia said yesterday it had bought 79 per cent of Leo from Volvo and several smaller investors. It plans to acquire the outstanding stock through a share offer.

Sales for the enlarged group are expected to be SKr 4.5bn this year. Leo turnover last year totalled SKr 824m.

Pharmacia officials yesterday played down any role that Volvo might have played in the takeover. Volvo has long been pressing for a consolidation of the country's pharmaceutical and biotechnology industry and would have had a leading role in the initial proposals.

Volvo was reported to have angered the Pharmacia board in January when it proposed Mr el-Sayed should head the planned grouping of Fermenta, Pharmacia and Leo. Under that proposal Fermenta would have acquired Volvo's 40 per cent voting share in Pharmacia and would have taken outright control of Leo.

Pharmacia said yesterday that Volvo's two representatives on its board did not take part in this week's decision to buy Leo. It said that because, under the proposal, Volvo would be exchanging A shares in Leo for B shares in Pharmacia, its voting power in Pharmacia would rise only from 40 per cent to 43 per cent.

However, it is fairly certain that Volvo played an instrumental role in preparing the ground for the Pharmacia takeover of Leo. In April Volvo took full control of Sonesson, a light engineering and pharmaceutical and engineering conglomerate, which has 74 per cent voting power in Leo.

Continued from Page 1

Americans

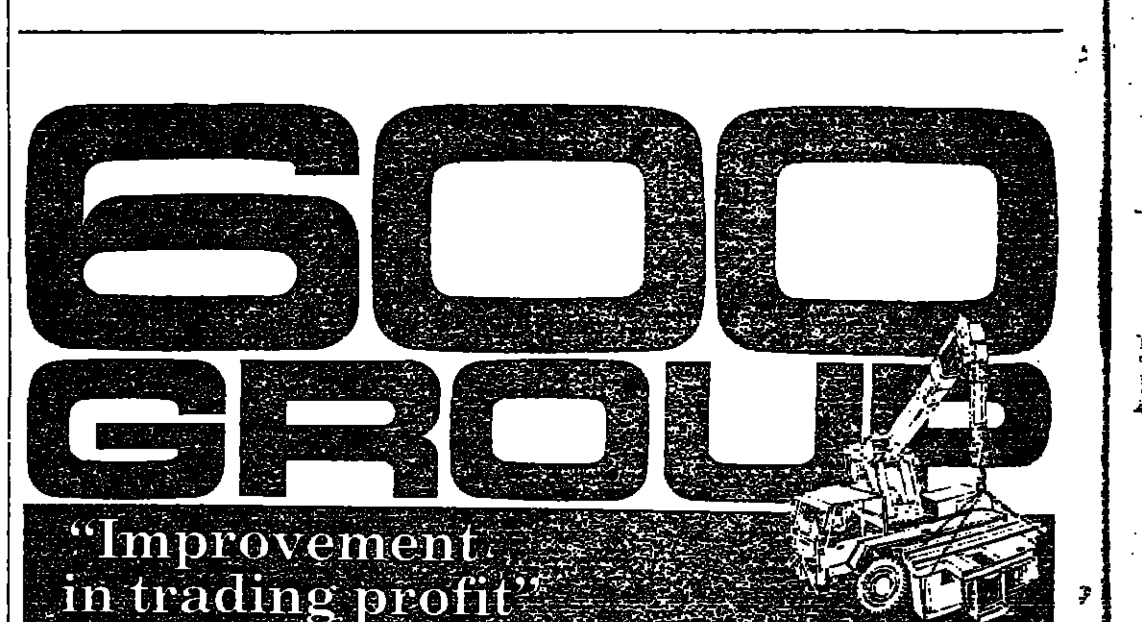
man of the Statue of Liberty-Ellis Island Foundation, has raised to restore the Statue of Liberty. All costs are being covered by the sale of television rights and tickets. The sponsors note with some pride that close to 9,000 media people wanted to cover the event. Although they have accredited only 4,500, this was more than the media turnout for the last Geneva summit between Mr Reagan and Mr Gorbachev.

The American Broadcasting Corporation has positioned 75 cameras around New York and Associated Press has reported that because of the number of microwave dishes and transmitters being operated by other television networks and local stations during the Liberty weekend, the Federal Communications Commission has set up a special committee to investigate threatened atmospheric congestion.

This is not the only worry. Many Americans are unhappy about the commercial exploitation of the event. No sooner had Mr Iacocca stepped off the stage during Thursday's opening ceremonies than the TV networks took a commercial break to show a Chrysler advertisement asking viewers which was the "greatest truck in the world."

Some of the federal judges baulked at the idea of having their scheduled naturalisation proceedings integrated into Mr Wolper's Thursday night TV extravaganza. This has caused friction behind the scenes, especially when Mr Gerhard Gesell, US district court judge, decided to hold his naturalisation ceremony in a court.

"You could have had these people on the steps of the Jefferson Memorial. It could have been seen by 1½bn people around the world. I just do not understand these people, the Judges," moaned one of Mr Wolper's aides.



Sir Jack Wellings, CBE, Chairman said:

Our manufacturing companies improved their results substantially but a large part of the improvement was eliminated by a complete reversal to a loss in our ferrous scrap trading activities and heavy losses in South East Asia. Nevertheless, I am glad to be able to report an overall improvement in trading profit before tax for the year. This was achieved despite the considerable strengthening in the £ and an unprecedented increase in Product Liability Insurance premiums.

The highlight of the year was the purchase of the Industrial Distribution Group of Clausing Corporation and a new consolidated office, warehousing, manufacturing facility is near completion on their site in Kalamazoo.

Our exports increased by 12% and the export percentage of our manufactured goods was well in excess of 60%.

We look forward to an overall improvement in our efficiency and an improvement in results over last year.

Salient figures: Year to 31st March	1986 £000	1985 £000
Sales	203,133	187,320
U.K. Exports included	80,643	71,791
Trading Profits before Taxation	6,111	5,737
Total Profit before Taxation	6,705	7,618
Ordinary Stock Dividends per Unit	5.775p	5.50p

600
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حكايته من الأول

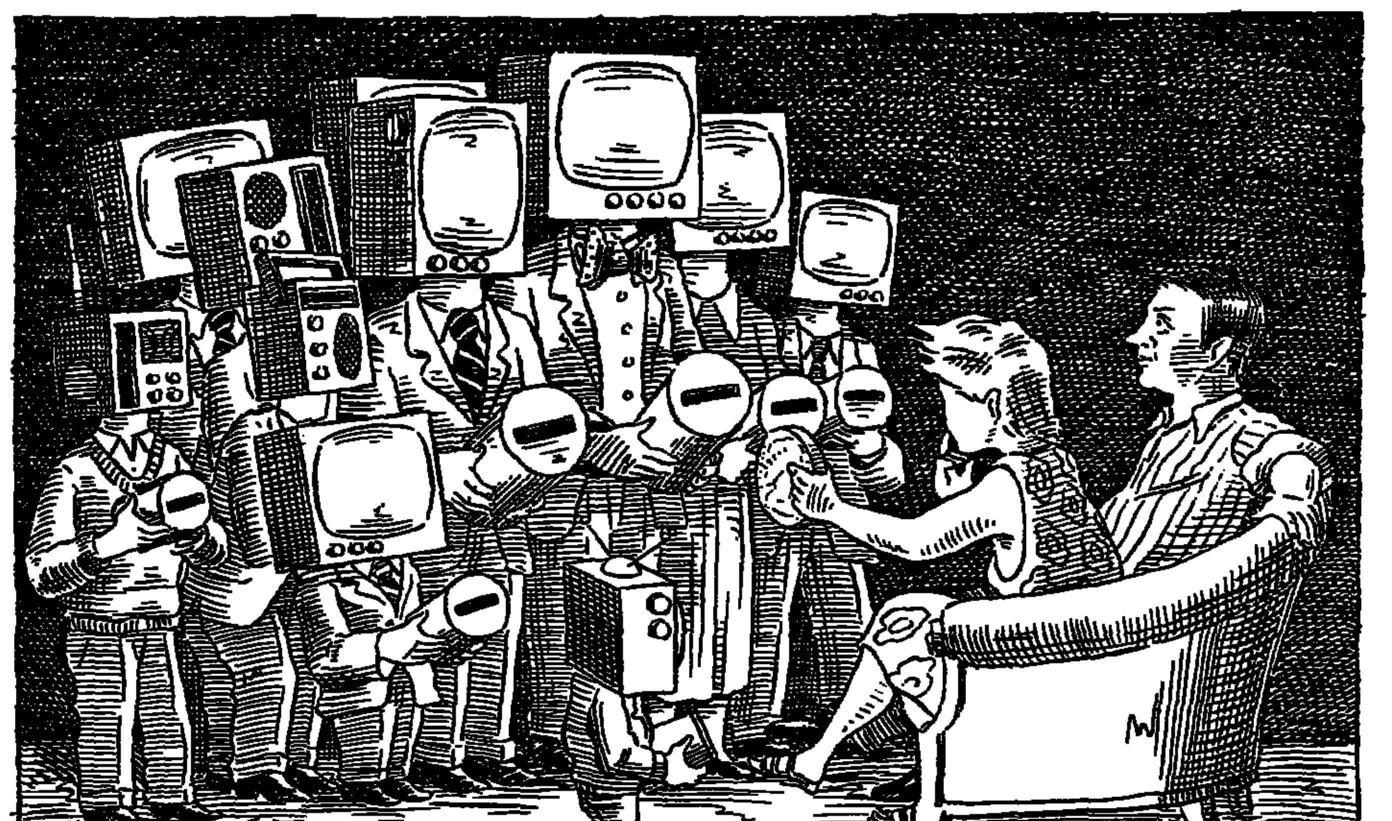
WEEKEND FT

Saturday July 5 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Bird's-eye view of Peacock

Samuel Brittan was a member of the Peacock Committee on the future of broadcasting. He puts the findings into perspective



THE KEY finding of the Peacock Report is not that there should be a licence for car radios, or even that Radios 1 and 2 should be sold.

The central finding is that "British broadcasting should move towards a sophisticated market system based on consumer sovereignty. That is a system which recognises that viewers and listeners are the best ultimate judges of their own interests, which they can best satisfy if they have the option of purchasing the broadcasting services they require from as many alternative sources of supply as possible."

The difficulty of getting this aim across is that consumer sovereignty is wrongly identified in the public debate with finance by advertising. The following are among the prerequisites of an effective broadcasting market:

- Freedom of entry for any programme maker who can cover his costs or otherwise finance his or her production.
- Viewers must be able to register their preferences directly and register the intensity of their preferences and not rely entirely on their indirect expression through advertising ratings. This requires a facility for pay-per-view.

There are those who say that broadcasting is not just another consumer good and is far more important than the production of tinned peas or packaged holidays. Agreed. It is precisely because the communication of ideas and the dissemination and analysis of news and artistic endeavour are involved, that freedom of entry by producer and freedom of choice by consumers to the maximum feasible extent are so vital.

The more thoughtful free market exponent does not believe that citizens always know what they want or where their interests lie in broadcasting or anywhere else. Producers compete to persuade individuals of the existence and value of new or different kinds of experience. In a debate at the Cambridge Union in September, 1985, the late Sir Huw Weldon rightly criticised the false dichotomy between giving the viewer what he or she wants and what he or she ought to have.

"*The fundamental aim of broadcasting policy should in our view be to enlarge both the freedom of choice of the consumer and the opportunities available to programme makers to offer alternative wares to the public,*" the committee says.

This goal is derived from aims much wider than any applying to broadcasting alone. They are embodied, for instance, in the First Amendment to the US Constitution. *This lays down inter alia:* "Congress shall make no law . . . abridging the freedom of speech or of the press. . . ." It is often taken by US writers to mean both that television monopolies are to be prevented and that government intrusion of a negative, censorious kind is to be avoided.

ANOTHER WAY of looking at the matter is via the parallel with the printing press, which was subject to many kinds of regulation and censorship in the first two-and-a-half centuries of its existence. The abolition of pre-publication censorship by Parliament in 1694 —leaving the printed word to be regulated by the general law of the land—was described by Macaulay as a greater contribution to liberty and civilisation than either the Magna Carta or the Bill of Rights.

"Public service," as used in broadcasting usually means regulation and tax-financed programmes. The former could be justified as a way of "mimicking the market," while there is no direct payment by viewers or listeners and while channels are limited by spectrum shortage. It should thus eventually disappear. The need for tax-financed programmes, however, will not.

Viewers and citizens may be willing in their capacity as taxpayers to finance broadcasting activities which they are unwilling to finance as consumers. A simple illustration in the Peacock Report makes the point. Many citizens who never go near the National Galleries value their existence and are prepared to contribute as taxpayers to their upkeep.

"The defenders of the duopoly," remarks the report, "may unwittingly be worst enemies of public-service," in the sense of minority, innovative or specialist programmes. "For the ability of the existing system to finance these programmes could wither away without any alternative source of provision of finance having been developed."

The committee recommends the eventual establishment of a Public Service Broadcasting Council (PSBC) which would be able to make grants to both the BBC and private enterprise broadcasters. The committee had no objection to direct Exchequer finance for the PSBC. *But as a matter of prudence it looked for saving finance from within broadcasting.* Among possible sources of revenue are: the economic rents paid by ITV contractors under competitive tendering; Government revenues from increasing commercial use of broadcasting frequencies, which would be auctioned; and maintaining an indexed licence fee at a lower rate than the present one on all television sets to support the PSBC.

Because the technical conditions for a fully developed consumer market will take time to develop, the committee suggests three stages of implementation: *indexation of the BBC licence fee; direct* subscription to replace the main part of the licence fee; and multiplicity of *choice with pay-per-view, as well as pay-per-channel, available.*

The most important of the stage one *recommendations are those designed to* pave the way for the fuller broadcasting market in later stages. For instance, recommendations which require all new television sets to have equipment which will facilitate direct consumer subscription at low cost.

Subscription is welcomed as a move towards consumer choice, as a non-compulsory way of paying for the BBC — *which will reduce resentment of the* charge — as a step towards pay-per-channel and pay-per-view, and as a way of protecting the BBC from political pressures.

Another key proposal is that present restrictions on pay-per-channel and pay-per-view should be removed forthwith.

The most likely route to the full broadcasting market is the development of an optic fibre network by the telecommunications industry. The committee, therefore, proposed the removal of the many *restrictions now prevailing so that* British Telecom and other telecommunications operators could act as common carriers for a full range of services, including delivery of television programmes.

Direct broadcasting satellites are an*other area where market processes can* be introduced forthwith. The committee proposed that DBS franchises should be put to *competitive tender and freed from* complex regulatory restrictions. This has been very ill-advisedly rejected.

Second only in importance to the desire to establish a fully fledged broadcasting market as the ultimate goal, is the need here and now to protect broadcasting as much as possible from political interference and intrusion. The *indexation of the licence fee to the* general rate of inflation (from a basis of £60 on April 1 1987), with some last-resort flexibility on the lines of the treatment of tax thresholds under the indexation provision of the Finance Acts, will make it more difficult for governments to make threats about the licence fee.

Similar considerations explain why it would be a mistake to go for the seemingly radical option of breaking up the BBC—into, say, two separate television corporations and one or more radio services.

This did have attraction on grounds of competition and diversity. The reason why I did not push this idea was quite frankly that a powerful organisation is needed to stand up to political pressure —a point that Conservatives are better able to understand when it is a Labour Government that is applying the pressure, as it often did under Harold Wilson.

If broadcasting were already like publishing, with thousands of different books, journals and newspapers and a tradition of free speech, the last thing that would be required would be a great monolithic *organisation, taking up a lot of the market.*

But until this free market is reached, *a fragmented BBC would still leave the* Government with a small number of visible organisations on which to lean, and unless something like the US First Amendment applied in the UK, the risks would exceed the benefits.

Although the issue of advertising on the BBC led to the establishment of Peacock, it turned out (as I thought would be the case) not to be the key issue.

We did, of course, assemble expert views on the likely financial effects on the BBC, ITV and other media or different degrees of advertising on the BBC. But Mr Stuart Young's repeated assertion "*the money is not there*" does not really mean anything. If one is pessimistic about either the growth of the advertising market or its responsiveness to more broadcasting slots, this would point merely to a gradual introduction of advertising.

The reason *for not forcing the BBC* to take advertising at present is that competition by broadcasters to sell audiences to advertisers is very different from competition to sell programmes to audiences. It would be a step away from, rather than towards a genuine consumer market.

The problem with advertising-financed broadcasting is (a) that the ratings will *inevitably dominate and minority tastes* will be under-represented (and we all belong to minorities some of the time) and (b) even the ratings do not measure intensity of preferences, whether a viewer is keenly interested in a programme or barely conscious of what is in front of him.

Maybe, if audiences were highly segmented, the conclusion would not follow and there could be a television equiva*lent of the Financial Times or Guardian.* But the social profile of viewers of "Panorama" is not very different to that of "Dallas" viewers. *There are just* fewer of them.

There are two personal observations *I will permit myself. The first is that* although I started without strong opinions on advertising on the BBC, there was such a deluge of denunciation of the idea that it required a great deal of self-control on my part not to react by coming out in favour of advertising.

The second reflection concerns the "arrogance and complacency" of the BBC. This was an expression contemplated, but not in the end used in the report. The root of this attitude has nothing to do with the personal qualities of those in charge of the BBC. It is that they are so used to the idea of being financed by what is virtually a tax on the possession of a television set, that they do not realise how privileged and unusual their position is and how much in need of continuing and detailed justification.

No other consumer products are financed in this way, certainly not books or newspapers or entertainment. Even the National Theatre and Covent Garden have to finance themselves in some part *from box office takings.*

Much worse than the method of finance of the BBC — which may be a regrettable necessity for the time being — is the general assumption that broadcasting, unlike the Press and the theatre, needs to be regulated, ie censored. Cries of censorship are usually confined to particular programmes which displease the Government. But the whole process of *the IBA, both its continuing vetting of* schedules and programmes and its long-term power to withdraw franchises from contracts that displease, amounts to censorship.

LEFT-WING interventionists have *played on the fears of right-wing* prudes to pretend that deregulation is all about soft porn in the early hours. They have ignored the very deliberate and gradual phasing of the committee's deregulation pro*gramme. The committee* has been very careful not to lay down the law on matters of taste and decency, but has insisted that the current consensus embodied in the law of the land must prevail. It has even promised that existing exceptions in favour of broadcasting, such as the exemption from *the Obscene* Publications Act should be removed, despite the qualms of more libertarian members.

MPs who identify freedom of speech and of artistic expression with soft porn are merely revealing something about themselves. Recent examples of broadcasting suppression include discussion of Count Tolstoy's *book on British involvement in the forced repatriation of anti-*Communist Russians and Yugoslavs, and a critical programme on the role of the IBA. *Earlier on* Churchill's *warning on* the dangers of Hitler were kept off the air to please the party Whips. Every single one of the Home Secretary's arguments on the supposed need to censor broadcasting because of its intrusiveness was heard after the invention of print*ing, which was just as provocative in* its day. Freedom of speech was one of the four freedoms of the Atlantic Charter; and those who want to suppress it, on whatever pretext, are traitors to the Western heritage.

THE THREE STAGES

Likely Broadcasting Developments	Policy Regime
Satellite and cable develop, but most viewers and listeners continue to rely on BBC, ITV and independent local radio.	INDEXATION OF BBC LICENCE FEE
Proliferation of broadcasting systems, channels and payments methods.	SUBSCRIPTION REPLACES MAIN PART OF LICENCE FEE
Indefinite number of channels. Pay-per-view available. Technology reduces cost of multi*plicity of outlets* and of charging systems.	FULL BROADCASTING MARKET

The Long View

International licences to print money

In theory, bankers should ensure that margins are fat enough to compensate for the unknown. But, writes John Plender, in today's competitive deregulated markets this is to cry for the moon

THE 18th century French philosopher Voltaire took a *notably cynical view of the* motivation of the money lending profession. If you see a banker jumping out of a window, he is alleged to have said, jump after him—there's sure to be a profit in it.

Now Voltaire was no fool. But in the mid-1980s his wisecrack looks suspiciously like a *formula for losing money.*

We have, for example, been told by Mexico's new finance minister Mr Patricioli that his country is no longer prepared to waste scarce foreign exchange reserves in paying its debts on *the terms originally agreed* with the banks. We have also been assured, not so long ago, by a committee of central bankers under Mr Sam Cross of the New York Fed that the banking community is prone to underprice the multitude of new financial instruments with which it is deluging the international markets.

Indeed, if the new fashion for countries and corporations to by-pass banks by borrowing direct from markets had emerged in the mid-1970s, such underpricing would long since have precipitated a dreadful financial crunch. Instead of commercial bankers acting as lenders of next-to-last resort to troubled debtors in Latin America and in the energy and *real estate sectors, we would* have had troubled investors trying to dump bonds on *panicky markets, thereby* causing a collapse in the value of financial assets across the world.

Are we to conclude that Voltaire was a better satirist than bank analyst? Or has the financial world changed in ways that invalidate his observation? The answer, I suspect, is a bit of both.

The Cross report, in an exceptionally cogent analysis of *the risks in financial innovation* which merits frequent re-reading, argues that the predictive powers of bankers may have deteriorated, because of *an acceleration in the pace of* economic and financial change.

This reflects the growing tendency, in a period of disinflation, for credit flows to by-pass the banking system. And, indeed, the domestic markets: British industrial and commercial companies are expected to raise up to £4bn *in the Eurobond market this* year.

Together with the propensity of financial commitments to slide discreetly off the face of bank balance sheets, this financial side-stepping act makes the business of assessing the risks in individual banks very hazardous.

In theory bankers, with a helpful nudge from the authorities, should respond by ensuring that their margins are fat enough to compensate for the unknown. But in today's exceptionally competitive, *deregulated markets* this is to cry for the moon. For one of the peculiarities of finance is that the going price is always set by the player who is willing to accept the thinnest margin.

Worse still (though central *bankers prefer to gloss delicately over the point*) traditional financial disciplines are being eroded. As Mexico's continuing problems remind us, imprudent banking no longer automatically results in losses for shareholders or the sack for management.

True, Mr Walt Wriston, late *of Citicorp, which led the* charge into Latin America, has not since his retirement slipped so readily into some top person's sinecure as might normally have been expected. But it remains a fact that the US authorities could not afford to allow big banks to go to the wall because of the threat to the system. Only where a run on deposits took place, as at Continental Illinois, was imprudence punished.

Bankers have no doubt concluded that provided they hunt in a pack and provided they play with large enough figures the most dangerous risks are worth flirting with, because the authorities will always print money to bail them out.

How high you rate these problems on the *Richter* scale of financial bother is partly a matter of temperament. A latter-day Pangloss like Walt Wriston (and Pangloss, of course, was another of Voltaire's creations) *would argue that markets will* adapt to take care of the problem. Others, like Mr Henry Kaufman of Salomon Brothers feel that all history tells us that financial markets do not adapt and that they have been heavily regulated precisely because of their tendency to impose shocks on the rest of the economy when bankers periodically lose their heads.

Few pessimists, however, are prepared to predict that doom will overtake us here and now. *What can be said is that there* is a fundamental flaw in the system which points to trouble in store. That is, the big corporations whose treasury departments trade ferociously in foreign exchange and deal in whole portfolios of currency and interest rate swaps; the investment banks and securities *houses that play actively in all* the esoterically named Europaper such as NIFs, RUFs and SNIFs; the insurance companies that are beginning to underwrite banking risks—none of these is subject to central bank supervision on a worldwide basis.

While central bankers — for all their imperfections — are probably the only people who can plausibly fulfil this role, they are unlikely to be given *an exclusive right to the job.* Witness the way the British have gone about handling a brand *new* system of supervision for the London markets.

In the wake of various scandals, the Bank of England has been empowered by legislation to strengthen its grip on commercial banks (and the Treasury to muscle in on traditional Bank of England territory). Yet the Old Lady has only a limited role in relation to securities-related activity. So the task of preventing the failure of near-banks and non-banks will fall on numerous new and untried *regulatory bodies. Political* reality will dictate similar second or third-best patchwork *solutions in other countries.*

The moral in today's turbulent markets? If you see a *banker jump* out of the window, rush downstairs to check the foundations.

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Oppenheimer

Unit Trust performance for the twelve months to 1st June.

Trust	Percentage increase in value	Position in sector
Japan	+74.0	8th
European	+69.4	10th
Pacific	+60.3	4th
Worldwide Recovery	+54.0	3rd
International	+53.8	4th
Income & Growth	+43.8	2nd
U.K.	+28.5	31st
American	+24.3	7th
Practical	+20.1	4th
High Income	+16.2	15th

Planned Savings, offer to bid, income reinvested, 1.6.86.

Above we show the performance of all ten of our unit trusts, eight of which are in the top half of the overall performance table.

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Oppenheimer Fund Management Ltd

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MARKETS

The rise and fall of GEC is checked

AFTER ALMOST two decades of uninterrupted profits growth—at least in full year figures—GEC reported a £24m drop to £701m pre-tax for the year to last March. It was not quite the shock horror story from one of the country's leaders that one might have expected, however, as the City had been well primed for a setback and the shares barely budged on the news.

The reasons for the dip are reasonably easy to pinpoint. Profits from electronic systems and components, the bulk of GEC's defence business and the largest single profits centre, fell by £33m to £201m. The Canadian Marconi affiliate carried much of the blame with a contribution down by £24m while the secure radio communications operation also performed poorly with a sharp turnround into losses of £6.5m. The medical division was another disappointment with a £7m fall. Currency movements did nothing to help though profits on Distillers shares came as an added bonus.

One reason for the pre-tax slip actually turned into a positive factor come the earnings line—GEC's buying of its own shares. Part of the famous cash mountain, £1.53bn on last count, was used to pick up and cancel stock, so above the line profits were deprived of some £25m of investment income but earnings per share came out 1.1p ahead at 16p.

The extent to which GEC can plough forward in 1986-87 depends on how well it can translate an order book some 12 per cent up at the beginning of the year into sales and profits. Most analysts agree that electronic systems should stage a good recovery. Marconi certainly is not short of orders, though profit forecasts are widely spread. Numbers as diverse as £735m and £770m are around.

Yet the real focus of attention is the Monopolies report on GEC's £1.6bn bid for Plessey. That should be out this month and just like the profit forecasts, the City's rumours are all over the place. That GEC has called a halt to its own investment in semiconductors is interpreted by some that Lord Weinstock will have a crack at Plessey at almost any price. Others argue that Plessey's shares have gone beyond his reach.

The debate is somewhat academic until the Commission reports and while it may have been a bit late to influence the report's authors, events surrounding ITT and CGE of France surely add some weight to the argument that System X needs to be put under one roof.

Elsewhere in the sector the depressing figures from Ferranti, the same day as GEC, where profits fell almost £5m to £41.1m against the analysts' forecasts of roughly unchanged profits injected fresh life into suggestions that someone will launch a bid. Plessey might see it as a defensive move or perhaps Racal could be tempted—assuming, of course, that the institutions have not had enough of "takeover fever."

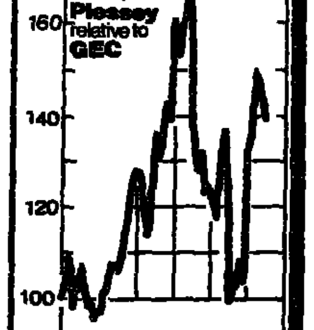
But the market is always full of takeover rumours, most of them on the flimsiest of evidence, especially when, as this week, there has not been a lot else for dealers to worry about. Equities have remained reasonably firm to the point that almost by stealth the All-Share Index crept to within 1½ per cent of the all-time high on Tuesday.

London

The BP share price featured, rising on Monday on a bullish statement from the management in Zurich to a bunch of analysts that the second quarter would produce a pleasant surprise only to slip away with the rest of the oil sector as Brent crude changed hands at almost $10 a barrel.

Now that the Government has surprised all with the announcement that the privatisation of the 10 regional water authorities is shelved the City is wondering how the asset sales target of £4.75bn in each of the next three years can be met. The 32 per cent stake in BP could be shed but presumably not before British Gas comes along so the price will not be influenced by that thought for a while.

The retail sector has obviously been dominated by the finale to the Dixons Woolworth battle



where the predator fell short of control by a surprisingly wide margin. Yet the new story of the week is Next's takeover of mail order house Grattan for £300m. Unlike some of the mergers to come out of the retail sector Next and Grattan would appear to slot together like two pieces of a jigsaw.

The personalities of the two chief executives, David Jones at Grattan and George Davies at Next, blend well and both men are highly regarded by investors. Jones pulled Grattan out of the red and Davies has transformed what was the dull J Hepworth menswear chain.

Yet despite the success at Next, behind the scenes distribution and warehouse operations have not been particularly strong. That sort of back-up, on the other hand, is Grattan's forte. Next will also be able to tap Grattan's know-how to launch its own mail order catalogue and Grattan will benefit from Next's fashion nous. Two plus two should, at least, equal four and a half.

More likely £27m from Next, as the company has forecast, plus £20m from Grattan will produce £47m for the current year or earnings per share of about 12½p. The following year, when the enlarged group should actually experience some of the advantages of the merger, profits could climb by as much as a third pre-tax for eps not far short of 16p.

Further afield on the retail scene the gossip that frozen food specialist Bejam, will be subjected to a bid refuses to go away although something more tangible is the changing attitude towards Storehouse in some quarters of the market. Sir Terence Conran has been quiet of late but evidently a planned relaunch of BHS in the autumn has excited one or two of the retail gurus.

The concentration of power in the retail sector, a process that has been going on for years, has inevitably sparked off similar moves by their suppliers which do not want to be squashed by the buying power of the High Street magnates. In the food sector a few companies stand out as empire builders to varying degrees: Hillsdown, Hazlewoods, Fitch Lovell and Northern Foods.

Two of them reported full year figures this week, Northern Foods and Fitch. Unlike Hillsdown, which appears to be willing to supply its management style to a range of sectors, both Northern and Fitch have been concentrating their efforts on what they know best and selling off peripheral activities: both are reaping the rewards of that effort.

Northern's profits came out more than £10m ahead at £66.1m pre-tax despite being held back by its US activities, many of which have now departed, leaving just the carpet care business as the obvious illogical extension.

Fitch, meantime, reported a 21 per cent profits improvement to £19.7m although it, like Northern, was bemoaning the slump in sales of sausages and pork pies. A couple of damaging television documentaries, plus the general move towards healthier eating, have caused quite a setback for such traditional fare.

Never the less even if the chipolatas have been left on the shelves, both companies reported profits well up with the City's expectations and both should be able to churn out another 15 per cent or so of extra profit in the current 12 months pointing to £22½m for Fitch and, say, £75m for Northern.

That growth rate may actually not be far off the sector average this year which will be boosted by strong growth by Unilever and a couple of recovery stocks such as Cadbury. Against food price inflation of very close to zero, 15 per cent is a respectable enough achievement.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,356.5	+ 2.1	1,425.9	1,094.3	Continues to show firm undertone
Abaco Invs	87	+19	88	27	Expansion prospects
Allied-Lyons	340	−23	363	252	MMC may investigate tied houses
Authority Invs	370	+85	370	72	"Shell" situation
Boosey and Hawkes	155	−40	225	127	Music sales withdraws bid proposals
Brown (N.) Invs	710	+100	710	320	Possible link with Marks and Spencer
Davy Corporation	128	+21	128	92	Better than expected results
ERF	115	+37	115	35	Wake of strong profits recovery
Ferranti	112	−18	154	108	Disappointing full-year results
GEC	206	−10	224	160	After preliminary figures
Grattan	338	+84	343	302	Agreed bid from Next
Harris Queensway	258	+22	309	195	Revived rumours of a bid from GUS
Jaguar	587	+36	595	335	US support/new model imminent
Kode International	287	+77	290	90	Pleasing annual results
Lister	112	+20	115	64	Good preliminary profits
LASMO	98	−17	243	95	Oil prices fall after Opec meeting
Pearson	603	+68	608	393	Continued bid speculation
Reed Executive	340	+75	341	198	Bumper preliminary profits
TSL Thermal Syndicate	120	−65	248	120	Acutely disappointing profits
Woolworth	670	−60	920	438	Dixons bid lapses

Borland stands out on its own

BORLAND INTERNATIONAL, the US-based software house, formed a class of its own when it joined the USM this week. It became the first company this year to come to the market through an offer for sale and to end first-day dealings at a significant premium to its offer price.

All the other offers for sale so far have been disappointing: Wickes, the DIY retailer, managed a premium of just 1p to its 140p offer price, though it has picked up since in the wake of good results last March; Antler, the luggage company, ended its first day unchanged from its 130p offer price and has since sunk into the doldrums; Monotype, the typesetting equipment maker which fell to 153p after being offered at 157p, is still only a few pence better today; and Mrs Fields, the US cookie vendor, sank to a 15p discount to its 140p offer price and has yet to show signs of recovery.

Borland, by contrast, had a lively start to dealings and closed 10 per cent above its 125p offer price at 137p. So what was it about this particular issue that made it so singularly successful?

The most significant factor was the price. Schroders, the merchant bank which sponsored both this issue and Mrs Fields, was anxious to avoid another flop and was therefore under pressure to price Borland conservatively.

Even so it was a narrow squeak. A prime determinant of the price at which dealings begin is obviously the level of demand for shares in the offer for sale. Borland's offer was oversubscribed, but only just; and if one considers that two institutions had undertaken in advance to apply for 25 per cent of the shares on offer, it can be seen that the response was hardly strong.

Many investors, however, must have held back from applying for fear of a repeat of the Mrs Fields debacle, and were waiting on the sidelines to see how the offer went before acting. Once it was seen that the offer had been oversubscribed, albeit by a narrow margin, they found enough confidence to step into the after-market and pick up shares at what was still perceived to be an undemanding price.

USM
UNLISTED SECURITIES MARKET

Whether this week's offer for sale of shares in M6 Cash & Carry will find quite the same level of enthusiasm is another matter.

This mini-chain of three cash-and-carry depots comes to the market through an offer of 5.5m shares at 100p a share through brokers Kitcat & Aitken. Profits growth has been erratic because of the costs of absorbing the second and third outlets, which were acquired in 1982, but in the year to last December they came to £725,000 on turnover of £59.5m.

M6 is a minnow in a competitive market and any significant growth will depend on its ability to make acquisitions, a field in which its record has not so far been impressive.

The main reason for the offer for sale appears to be to enable J. Rothschild, the investment group which at present holds 93 per cent of the company, to divest itself of its majority stake and so clear out the last remnants of the industrial holdings it inherited under its previous incarnation as Charterhouse J. Rothschild. The size of Rothschild's divestment ruled out the more obvious route to the USM through a placing.

To be fair, though, the issue is not devoid of attractions. There is an enthusiastic management team in place which might just transform the company once freed from Rothschild's domination, and the historic price/earnings multiple of 8.8 is hardly demanding. There is also an above-average dividend yield of 5 per cent—unusual for the USM, whose companies prefer to reward investors with capital growth rather than income.

Meanwhile, placings continue to buoy the USM flotation rate and Stock Exchange figures show that total flotations in the second quarter of this year outpaced the previous year's figure by 27 to 25. This only partially compensates for the first-quarter lull, when there were eight new issues compared with 17 the previous year, but the pace is showing no signs yet of tailing off.

Quality does not necessarily go hand in hand with quantity, however, and it has to be said that many of these issues lack obvious appeal. Of this week's crop, Camotech requires a considerable act of faith in a tiny company making components for cars, and BBS Design's profits record does not inspire confidence. Both issues also suffer from convoluted accounts. The most attractive of the bunch is The Shield Group, developing up-market flats in London: its prospects look good for as long as the boom in London property prices lasts.

Thorn-EMI may touch rock bottom

THE ANNOUNCEMENT of Thorn-EMI's preliminary results on Thursday will mark, as one analyst put it, a nadir of the company's fortunes, when the combination of heavy losses at Inmos, hefty capital expenditure and a rising interest charge should prompt a fall in profits to around £93.5m.

Although the retail and rental businesses performed well to produce an estimated 11 per cent profits increase in the UK and 4 per cent overseas, and stringent cost cutting has nursed Ferguson back to break even, Inmos' losses should reach £20m. With borrowings of £440m, the interest charge should erase just under £55m from operating profits of around £148m.

Most of the interest in the company will pivot around its prospects from 1986-87 when the disposals of Thames Television and Screen Entertainment — only £10m of which filtered through to these results—will reduce borrowings while loss elimination and an improved performance from Ferguson could boost pre-tax profits to around £145m.

The Granada Group's shares have lagged a little of late, hampered by the prospect of Rank disposing of its predatory stake and the shares which might have been issued to buy Comet. Nonetheless the company should unveil a healthy increase in profits to around £39m, compared to £28m in the same period last year, in its interim results on Tuesday.

Although Granada does not break down its profits at the interim stage, all areas of activity have achieved growth with substantial progress from Granada Television—fuelled by rising advertising revenue and overseas programme sales—and from television rental.

The motorway service stations and bingo clubs—buoyed by the introduction of a new national game—have also fared well. Meanwhile, the sale of L'Etoile last September not only eliminated insurance losses, but will have reduced both borrowings and the tax charge.

Wednesday and Thursday will see the announcement of the interim results of Associated Newspapers and the Daily Mail and General Trust respectively. Associated is expected to announce pre-tax profits of £20m compared to £16.4m last year, thanks to a strong first half contribution from the Esmond Gas field. However, the company is likely to make a cautious statement about the second half figures in the light of the fallen oil price.

Although losses at the Mail on Sunday should have been reduced, the circulation wars have kept newspaper prices down and forced the discounting of advertising rates. Following its recent Luxembourg flotation, Euromoney Publications should have made an increased contribution, as should the US magazine subsidiary, the 13-30 group.

The Daily Mail and General Trust owns 49.95 per cent of Associated, and its results thus reflect closely the fortunes of its companion. Much interest has been stirred by the proposed move of DMGT to the Netherlands, which would allow it to escape capital gains tax on its share dealings. On Associated profits of £20m, DMGT is likely to announce profits of around £12.5m.

The City expects a respectable profit increase of almost 20 per cent to around £17m when Hogg Robinson announces its preliminary results on Tuesday.

Although the UK broking division should have benefited from the more stable marketplace and from the management restructuring programme implemented two years ago, the fortunes of the overseas operation—which has just changed its status from an associate to a subsidiary—are likely to be mixed. The US division, based in the boom-boom sunbelt, has fared well, but the sortie into Australia has proved much more difficult than anyone, least of all Hogg Robinson itself, expected.

The travel operation has performed well, however, maintaining margins despite intense price pressure within the travel industry by sustaining healthy increases in volume.

Cambium Venture Capital, the company set up in 1984 to invest in start-up and young companies with a high-technology base, will announce its 1985 preliminary results on Friday. The results have been delayed because of problems in obtaining information from certain companies in which Cambium has significant but minority interests. The undrewriters had to come to the rescue of Cambium, whose chairman is Sir Edward du Cann, when its original share offer attracted interest of only £850,000 rather than the hoped for £5m. In the year to end 1984, Cambium made a pre-tax loss of £12,757.

Results due next week

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Batleys	Thursday	0.5	1.6	0.5
Birmingham Mint	Thursday	1.75	4.0	2.0
British Building and Engg. Appliances	Tuesday	1.35	1.16	0.33
Cambrum Venture Capital	Friday	—	—	—
Cardo Engineering	Monday	3.5	8.5	4.0
Crown House	Friday	2.75	4.25	3.0
Electronic Rentals	Monday	1.1667	2.0855	1.1667
Fleming Overseas Inv. Trust	Tuesday	1.0	1.75	1.0
Hogg Robinson	Tuesday	3.8	4.2	4.37
Jones, Stroud	Thursday	2.5	4.5	3.0
Kleen-e-ze Holdings	Thursday	1.0	4.0	1.0
New London Oil	Thursday	—	—	—
Park Food Group	Friday	1.2	2.4	1.4
Penny and Giles International	Thursday	—	1.35	0.68
Platon International	Monday	0.931	1.87	0.43
Stoddard Holdings	Thursday	—	—	—
Stroud Riley Drummond	Tuesday	0.75	1.5	1.0
Symonds Engineering	Thursday	0.3	0.6125	0.3
Thorn EMI	Thursday	5.0	12.5	5.0
Toothill, R. W.	Tuesday	3.0	4.5	3.3
Vinten Group	Monday	1.05	2.1	1.05
INTERIM DIVIDENDS				
Alexanders Holdings	Thursday	—	—	
Associated Newspapers	Wednesday	1.375	2.875	
Birmid Qualcast	Thursday	0.75	3.0	
City Site Estates	Wednesday	0.41	—	
County Properties Group	Monday	—	1.25	
Daily Mail and General Trust	Wednesday	15.5	33.0	
Domino Printing Sciences	Tuesday	—	1.0	
Egerton Trust	Tuesday	0.2	—	
Fleming Claverhouse Inv. Trust	Monday	2.75	7.4	
Fleming Far Eastern Inv. Trust	Thursday	0.2	0.8	
Granada Group	Tuesday	2.53	4.57	
Jersey Electricity Co.	Thursday	4.0	11.0	
M and G Dual Trust	Wednesday	13.2	15.55	
Microsystems	Thursday	—	—	
Sealingard Group	Monday	—	2.7	
Southern Business	Wednesday	1.0	1.7	
Tribune Investment Trust	Thursday	0.6	2.15	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.56	6.72	5.21	3.79	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	7.75	7.90	6.12	4.45	half yearly	1	500 minimum	90
Premium	7.69	7.91	6.13	4.46	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.49	7.63	5.91	4.30	half yearly	1	2,500 minimum	0
Schroder Wagg	6.73	6.94	5.38	3.91	monthly	1	2,500 minimum	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.86	6.58	5.33	4.15	half yearly	4	—	0
10pc Treasury 1990	8.97	6.14	4.57	3.10	half yearly	4	—	0
10.25pc Exchequer 1995	9.20	6.34	4.76	3.28	half yearly	4	—	0
3pc Treasury 1987	6.74	5.85	5.35	4.89	half yearly	4	—	0
3pc Treasury 1989	6.80	5.88	5.37	4.89	half yearly	4	—	0
Index-linked 1990¶	7.76	7.17	6.84	6.54	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
AE	194½§	242	182	191.46	Turner & Newall
Aitken Hume	175	150	158	80.27	Tranwood
Assoc Heat Srvcs	490*§	490	440	39.20	Cie Général de Chauffe
Authority Inv	130*	370	128	6.60	Messrs Backhouse, Campbell & Innes
Benford Concrete	88	89	88	19.51	Blackwood Hodge
Benf'd Concrete¶	90†§	89	83	19.96	BM Group
Berisfords	163¼§	110	112	8.90	Allied Textile
Biddle Hldgs	170*	169	165	6.80	Kone (UK)
Biddle Hldgs	170*	169	172	6.80	Myson Group
Bootham Eng	672	610	420	6.99	Dowding & Mills
Brickhouse Dudley	124§	135	112	19.28	Glynwed Intl
Brown (John)¶	29½	29	23	79.02	Trafalgar House
Burnett & Hallam	17½	12	22	6.77	Anglo Utd Dev
Clarke (Clement)	240*	235	240	19.20	Boots
Com Bk of Wales	70*	69	76	16.80	Bank of Scotland
Duport	135	131	125	72.33	Williams Hldgs
Eleco	134½	150	140	22.44	Whitecroft
Ford (Martin)	70*	68	77	10.94	Iridium
Gable House	213	208	203	16.49	Ladbroke
Gelfer (A. J.)	163	160	148	10.19	Crowther (J.)
Grattan	540†	338	454	285.14	Next
Hampton Areas	150*	146	128	40.92	Metals Expln
Ind Scot Energy	90*	90	85	20.50	Texas Gas Expln
JSD Computer	159	165	155	8.66	Hestair
Land Investors	76*	75	73	74.05	BCPH
Lyon Indl Hldgs	218	217	210	13.68	Thomson T-Line
McKechnie Bros	265	250	222	139.94	Evered
Milletts Leisure	234	220	190	12.17	Sears
NSS Newsagents	210*	208	192	67.40	Gallaher
Owen & Robinson	£23*	228	300	1.61	Messrs Davies and Ratner
Park Place¶	335*	310	308	44.96	Wolters Smsn Grp
Pritchard Servs¶	129	126¼	85	149.08	Hawley Group
Rotaflex	410	480	210	45.34	Emess Lighting
Rotaflex	490*	480	483	54.19	GTE Corpn
Samuel Props	262½§	288	253††	87.45	Clayform Props
SGB Group¶	382§ §§	372	324	163.35	Mowlem (J.)
Stndrd Chartered	810‡§	805	873	1,260m	Lloyds Bank
Stndrd Firewrks¶	146¼	140	155	8.21	Scott Heritbl Tst
Sunbeam Wolsey	123	123	120	10.31	Crowther (J.)
Warehouse	£18.48	£18	£13	12.72	Freemans
Whitw'th's Food¶	54	52	63††	3.87	Booker McConnell
Yarrow¶	800‡§	815	630	32.24	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 4 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended. || Swedish kronor.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Audiotronic	Feb	527L	(1,250)L	—	(—)	—	(—)
Blair, George	Mar	776	(452)	—	(—)	2.7	(—)
Bristol Oil	Mar	6,600L	(—)	—	(—)	—	(—)
Burnett & Hallam	Mar	17,040L	(126,130)	—	(290.4)	—	(—)
Celestion Ind	Apr	1,070	(552)	2.9	(2.2)	1.0	(1.0)
Compco Hldgs	Mar	630	(459)	19.1	(33.4)	6.25	(5.2)
Compsoft	Mar	50L	(781)	—	(—)	—	(2.0)
Craig & Rose	Dec	47	(66)	36.9	(52.0)	47.0	(47.0)
Daejan Hldgs	Mar	14,960	(13,260)	—	(—)	14.0	(13.0)
DBE Tech	Mar	135	(387)	1.6	(2.3)	—	(—)
Davy Corp	Mar	16,330	(13,050)	12.7	(10.5)	4.8	(3.69)
Elswick Hopper	Jan	186L	(961)L	—	(—)	—	(—)
Est & Agency	Mar	290	(366)	5.2	(3.5)	3.0	(3.0)
Ferranti	Mar	41,100	(46,000)	6.5	(7.2)	1.7	(1.56)
Fitch Lovell	Apr	19,700	(16,281)	20.3	(17.1)	10.5	(9.7)
GEC	Mar	701,000	(725,000)	17.0	(15.2)	4.3	(4.0)
Gresham House	Mar	376	(502)	9.3	(8.4)	4.55	(4.4)
Hobson	Dec	209L	(68)L	—	(—)	—	(—)
Hollas Group	Mar	1,410	(1,120)	3.3	(2.6)	2.2	(2.0)
Joseph, Leopold	Mar	625	(505)	23.8	(18.2)	12.38	(11.25)
Lincroft Kilgour	Mar	703	(651)	9.9	(8.5)	2.5	(2.0)
Lister & Co	Mar	2,120	(565)	11.4	(3.4)	—	(—)
Longton Ind	Mar	1,160	(1,150)	13.2	(13.1)	4.0	(3.0)
Lovell, G.F.	Apr	147	(18)	10.7	(2.6)	3.5	(3.0)
Marston Thomp	Mar	9,570	(8,390)	14.8	(13.1)	3.24	(1.95)
Mercury Intnl	Mar	59,300	(44,080)	—	(—)	21.0	(16.0)
Michael J. Des	Mar	504	(352)	—	(—)	—	(—)
Midland Marts	Jan	333	(539)	5.5	(7.8)	4.0	(4.0)
Monk, A.	Feb	45	(1,640)	—	(8.1)	2.5	(5.0)
Mountleigh Group	Apr	9,230	(3,520)	62.3	(35.3)	10.0	(6.5)
Normans	Mar	1,710	(2,311)	3.5	(5.2)	1.9	(1.8)
Northern Fds	Mar	66,100	(55,400)	20.1	(19.3)	8.0	(7.25)
Optometrics (US)	Mar	326L	(502)	—	(—)	—	(—)
Peek Hldgs	Dec	597L	(7)	—	(—)	—	(—)
Pepe	Mar	4,210	(2,631)	10.4	(7.8)	3.3	(1.5)
Rea Bros	Dec	522L	(226)L	—	(—)	—	(—)
Rea Hldgs	Dec	489	(2,070)	9.2	(1.0)	2.0	(2.0)
Reed Executive	Mar	3,580	(2,220)	22.4	(12.1)	4.5	(3.0)
Robertson Res	Mar	3,730	(2,700)	9.3	(6.5)	2.5	(2.1)
Rotaprint	Mar	1,290	(662)	—	(—)	—	(—)
Rothschild, J.	Mar	80,400	(70,000)	14.8	(10.1)	5.0	(4.56)
Russell, Alex	Mar	1,850	(955)	3.9	(2.3)	1.6	(1.35)
Scottish & New	Mar	75,100	(65,200)	16.8	(15.3)	7.01	(6.09)
S&U Stores	Jan	632	(761)	2.1	(3.3)	—	(—)
Turnbull Scott	Mar	87	(365)	11.0	(34.0)	9.0	(9.0)
Welpac	Jan	355	(405)	1.2	(1.2)	0.3	(0.3)
Wiggins Group	Mar	769	(1,330)L	9.5	(—)	0.5	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Ace Belmont	Feb	610	(109)	—	(—)
Allied Textiles					
Bett Bros	Feb	412	(421)	1.2	(1.2)
Blue Arrow	Apr	2,260	(90)	0.6	(0.4)
Epicure	Apr†	214	(—)	—	(—)
FNFC	Apr	13,370	(9,120)	2.25	(—)
Kode Intnl	June	928	(101)	4.0	(1.5)
LPA Hldgs	Mar	412	(406)	1.4	(1.66)
Lonrho	Mar	71,100	(70,700)	4.0	(3.64)
Microgen	Apr	3,350	(2,450)	2.0	(1.5)
TSL Group	Apr	69	(1,280)	1.0	(1.0)
THF	Apr	36,100	(39,200)	1.33	(1.27)
TV South	Apr	6,500	(3,400)	3.0	(2.0)
Widney	Mar	125	(295)	0.33	(0.26)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share, except where otherwise indicated. † Figures for four months. L Loss.

RIGHTS ISSUES

Barker & Dobson—To raise £69.9m through a five for two rights issue at 12p.

Boase Massimi Pollitt—To raise £9.3m through a two for seven rights issue at 250p.

Hobson—To raise £0.74m through a two for five rights issue at 5p.

Rea Brothers—To raise £8m through a rights issue on the basis of three 8.6% conv pref shares for every ten ord shares held at 105p.

Sheraton Securities—To raise £10m through a one for four rights issue at 44p.

Steaua Romana—To raise £2.87m through a rights issue on the basis of £1 nominal 9% conv loan stock 1995-96 at par for every seven ord held.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Chelsea Man—Placing 2.4m shares at 125p.

Globe Investment Trust—To raise £95.4m through a placing of £100 nominal 10 per cent deb stock at £96.114.

M6 Cash and Carry—USM offer for sale of 5.45m shares at 100p.

Shield Group—USM placing of 1.2m shares at 72p.

حكمت امين الفضل

New high after 100 years

Wall Street

WALL STREET celebrated the Statue of Liberty's one hundredth birthday party in fine style this week. The Dow Jones Industrial Average broke its record high for three consecutive days and began the third quarter by hitting its fourth century of 1986, breaking above the 1900 level.

Mr Alan Beshany, publisher of the Magic Market Newsletter, notes that when Miss Liberty arrived in America 100 years ago the recently launched Dow Jones Stock Average was trading at 63. By the time the lady and her torch had been assembled, and formally dedicated four months later, the index had risen by 44 per cent.

"Both a hundred years ago and now, we're witnessing two of the strongest bull markets in history," says Mr Beshany. "The coincidence caught me totally by surprise. It's an exciting discovery, and it may even hint at a new indicator and a new cycle."

His bullishness captured the mood of many of the big Wall Street money managers who were to be found quaffing champagne and nibbling canapes on the scores of private yachts which spent Thursday evening cruising around New York harbour waiting for Miss Liberty's torch to be relit by President Reagan.

Judging by some of the vessels, such as publisher Malcolm Forbes' luxurious "Highlander," complete with a brand new helicopter on its after deck, times are very good on Wall Street at the moment. US companies have raised almost as much money in the first half of 1986 as they did in all of 1985, and underwriters have earned a record $3bn in fees so far this year, which probably means that the number of bankers yachts with helicopter capability," as they say, is likely to multiply over the next few months.

The Dow Jones Industrial Average has put on more than 350 points since the start of the year, and after some hesitation a few weeks ago a growing number of money managers believe that it will top 2,000 before the end of the year. They caution that the market could see swings of up to 100 points a day either way, but this should not be worrying.

Mr Michael Metz, a stock market strategist at Oppenheimer and Company, is one of many respected Wall Street watchers who are amazed by the way Wall Street has shrugged off the recent bad news. This week saw more disappointing economic figures: The US Farm Credit Bank system reported that its second quarter losses had nearly tripled to $600m, and CSX, the second biggest US railroad, disclosed a 2 per cent drop in its boxcar loadings in the second quarter. None of this augurs well for second quarter corporate profits, which should start hitting the tape over the next fortnight.

However, Mr Metz says that the stockmarket appears not to "give a damn" at the moment about the dismal economic and corporate news. The stockmarket is being driven by very strong liquidity which is being channelled into financial assets. "America's growth recession is very bullish for the market," says Mr Metz, who expects an "absolutely insane speculative frenzy" to hit the market in a few months time is there is no correction in the short term.

This week saw a $2.2bn bid for Panhandle Eastern, the big natural gas pipeline group, a $1bn bid for Sanders Associates, a defence electronics firm, and ITT, the famous conglomerate, announced that it had done a deal with the French to sell its worldwide telecommunications operations for $1.8bn. ITT shares, which were trading under $45 two weeks ago, had jumped to $58 by Thursday evening.

Aside from ITT, other stellar performers this week have been the shares of Marsh and McLennan, the world's biggest insurance broker, which hit a new peak of $65, and Pfizer, the drug company, whose shares touched $72⅞. The continued slide in the value of the dollar, which came close to dropping through the Y160 level on Thursday, is good news for drug companies like Pfizer and Merck, one of the top performing stocks in the Dow Jones Industrial Average in the first half of the year.

By contrast, shares of the financially-troubled LTV hit a new low of $5 this week, and other steel companies like US Steel ($20⅛) and Bethlehem Steel ($14¼) are bumping along close to their year's low.

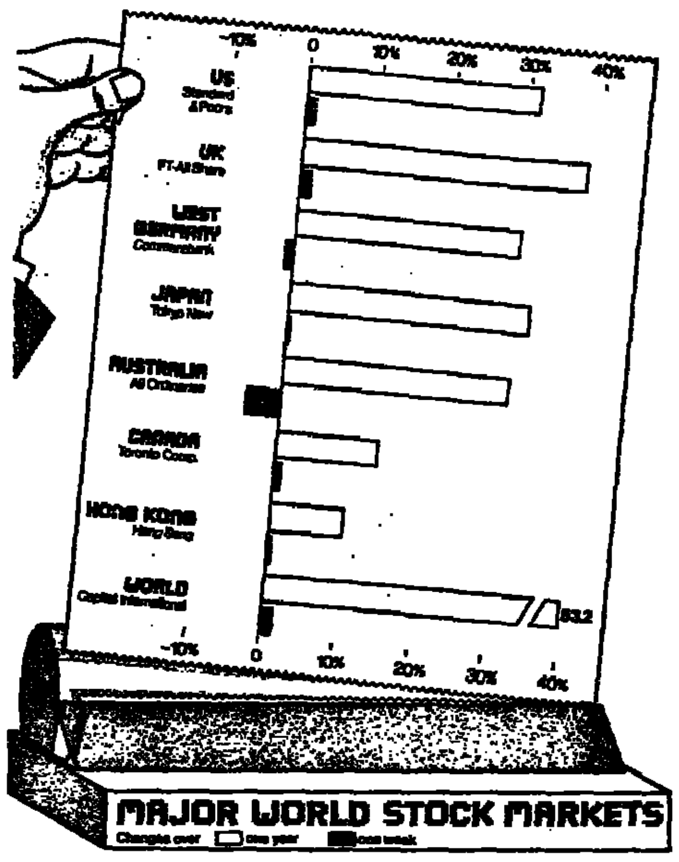
While most investors will feel a warm glow as they review their portfolios over the Liberty Day weekend, the big test for the stock market is likely to come next week. Tomorrow's Japanese elections and the upcoming Federal Open Market Committee meeting are important events and could determine whether the world is about to embark on another round of coordinated interest rate cuts.

The news from the US economy makes many analysts believe that the Federal Reserve will be forced to cut the discount rate shortly, and this is already being reflected in the money markets, where six month US Treasury Bill yields have dropped to 5.85 per cent and long term US Government Bond yields are below the 7.2 per cent level. The weakness of the dollar is making some US central bankers decidedly nervous, but the current administration does not seem unduly perturbed and appears to be using it as a lever to encourage the Japanese and Germans to bring their interest rates lower and boost their economic growth.

However, analysts are uncomfortably aware that while foreign investors have done very well out of the rally in the US financial markets over the past year, if they begin to lose confidence in the US currency it would cause US interest rates to back up sharply and wreck the Administration's best laid plans. But this is not the sort of thing to be worrying about over the Fourth of July weekend.

MONDAY	1,892.72	+ 7.46
TUESDAY	1,903.54	+10.82
WEDNESDAY	1,909.03	+ 5.49
THURSDAY	1,900.87	− 8.16
FRIDAY MARKET CLOSED		

William Hall



Fear of fall as utilities crack

Toronto

DECISIONS by five Canadian Securities firms and a leading investment management group to go public in the past two months may be a more revealing reflection of their views on the future course of Toronto share prices than the careful wording of their analysts' research reports.

During the period the brokers have been issuing their shares, the 300 index has obligingly hovered close to its April 18 record of 3,129.1. The securities firms, which have boasted returns on equity of 50-60 per cent in recent years, have offered their shares at prices of about three times book value.

But many experts are nervous that the market is likely to go down rather than up in the next few months. Mr David Williams, vice-president for pension funds at Beautel Goodman & Co., Toronto investment managers, says there's a "measurable risk of some kind of market setback."

Mr Williams and others have been spreading that message for several months. Mr Philip Heitner, portfolio strategist at securities firm Nesbitt Thomson, says "There should have been a correction of about 10 per cent."

Share prices have cracked in some sectors. Oil and gas producers have lost a quarter of their value in the past year. Telecommunications shares are down by 16, Utilities by 9 per cent and Uranium and Coal Mines by 7 per cent.

But the rest of the market has so far defied pundits' advice to take profits and raise cash balances in expectation of a dip in share prices. Most sectors continue to be buoyed by a switch from bonds to equities, by some new foreign investment and by a raft of imaginative new issues, including those of the securities firms. Retail and junior industrial stocks have done especially well.

The most dramatic sign that bulls are sill wide awake in Canada is the startling performance of Abed Corp, a near moribund record company whose new owners plan to transform it into a waste disposal business. Abed's share price rocketed from less than C$1 in May to C$32 at the end of June when the TSE decided to halt trading.

The number of new listings on the TSE has shot up from an average of seven a month between January and May, to 15 in June and two on the first trading day of July.

Toronto celebrated its 1,000th listing last month. To the dismay of the exchange's public relations department, the company in question was a rather dull investment vehicle whose sole activity is to buy and sell shares of Royal Bank of Canada. Nonetheless, the TSE plans a party to mark the occasion.

In terms of market performance however, the partygoers may have less to celebrate later this year than they do now. There is little for the time being on which to pin hopes of a further broad advance in share prices. Canadian business activity—among the strongest in industrial countries in recent years—now shows signs of gently slowing. The latest figures on car sales, steel output, housing starts and job creation are all slightly down compared to a year ago.

Interest rates, which have come down sharply since they were raised early this year to shore up the Canadian dollar, are not expected to fall much further.

There is little on the horizon which appears to justify higher share prices without a substantial further advance in earnings. Publishing, broadcasting and other media companies, which have been among this year's highest fliers, are trading at multiples of around 20 times earnings.

Many investors have already begun looking for greener pastures. Canadians have poured huge sums of money into mutual funds specialising in offshore investments. First Australia Prime Income Investment Co, with holdings of Australian and New Zealand debt securities, drew C$177m from Canadian subscribers last May out of a total international offering of C$218m. Similarly, Global Strategy Fund, managed by the British merchant bank NM Rothschild and Co, has attracted more than C$120m since it was launched in Canada ten months ago.

Some experts are starting to look further ahead than the downturn expected over the next few months. Mr Robert Farqharson, executive vice-president of AGF Management, a leading mutual fund group, argues that corporate profits will be buoyed in the long term by a stimulatory monetary policy and by moves in Canada towards following the US example of wide-ranging tax reform.

According to Mr Farqharson, "I'm not convinced that the upcoming correction will be devastating, in that it will not last a long time." Nesbitt Thomson has already strted recommending stocks which it thinks will do well after the TSE has caught its breadth. Its selections include Mitel, the telecommunications equipment manufacturer acquired earlier this year by British Telecom, and Denison Mines, the Toronto-based mining energy and Cement Group which recently passed its dividend for the first time in 27 years.

Bernard Simon

A new glitter for diamonds

THE WORST recession in the diamond trade since the 1930s is over.

"Demand for rough diamonds from the CSO is again back in balance with current production for the first time for many years," said a somewhat relieved, but confident, Julian Ogilvie Thompson, chairman of De Beers, at the World Diamond Congress in Tel Aviv this week.

The CSO (Central Selling Organisation) of De Beers regulates the marketing of over 80 per cent of world output of rough diamonds — those in "raw" form before being cut and polished—mined by De Beers and other producers. This entails buying the output from the mines and holding back part of it from the market when necessary in order to maintain steady prices.

Over the years other commodity schemes have been set up with the same idea, but all have come to grief—the most recent example being the collapse in a cloud of debts of the International Tin Agreement. The CSO, however, is still going strong after 56 years. "We have succeeded where other commodity stabilisation schemes have failed," said Julian Ogilvie Thompson.

It has not been easy. In the late-1970s spiralling inflation touched off a rush to exchange depreciating paper money for diamonds, notably the larger "investment" gems.

Their prices rose sharply and at one time the rare "D" colour, flawless, stone of one carat was reputed to have fetched over $65,000; a couple of years later when the inflation fears had passed that diamond could have been had for $40,000.

Similarly, the diamond cutters and polishers built up, and began to hoard, big stocks of rough diamonds with the use of borrowed money. When the inflation bubble burst they were stuck with stocks of unfinished diamonds that were bigger than they needed or could afford.

De Beers had to continue to buy the output from the mines, making heavy borrowings as its stockpile of unsold diamonds rose from just under $1bn in 1980 to $1.95bn in 1984. CSO sales to the cutting trade were confined to the smaller and cheaper diamonds that could still find a market.

Retail demand for these more modest diamonds strengthened to new records during the years and, importantly, last year saw demand broaden into the previously unsaleable higher quality goods. Over the same period the CSO rationing policy had the desired effect of forcing the cutting trade to work through and reduce its own big stocks.

At last, those stocks are down to normal levels, having come down by an estimated $5bn from

Mining

the peak levels. De Beers' stockpile stopped rising last year, while CSO sales of roughs—both gem and industrial qualities—increased by 13 per cent to $1.82bn.

The increase this year looks to be more dramatic. Helped by an average price rise of 7.5 per cent—the first since 1983—CSO sales for the first half of this year have climbed to $1.21bn, an increase of 45 per cent over the same period of 1984. There is no doubt that a part of these sales will have come from De Beers' stockpile.

Further sales from the stockpile can be expected in the second half, reaping a delayed profit harvest for De Beers and reducing the borrowings. Diamonds, like gold, are sold for dollars, and De Beers being a South African company will also receive a big boost from the conversion of this dollar revenue into weak rands.

So the first-half results for this year, which are due next month, should make a good showing. Last year an interim dividend of 15 cents was followed by a final of 40 cents. This time an interim of, say, 20 cents, may be on the cards but it remains to be seen whether the year's total will match the previous peak of 7[illegible] cents paid for 1980.

Incidentally, the return of diamond prosperity should also rub off on to the big Argyle operation in Australia of CRA (56.8 per cent), Ashton Mining (38.2 per cent) and the Western Australian Government (5 per cent). An indirect interest—via Ashton—of 17.7 per cent is held by Malaysia Mining Corporation.

Argyle's output is mainly in the form of industrial and small gem diamonds, but it is rising sharply now that the major mining phase is under way.

Kenneth Marston

ONE YEAR ON AND 103% UP.

TRUST	POSITION IN SECTOR	% INCREASE
Japan Growth	1st	103.6
American Growth	2nd	38.4
American Income	4th	29.4
European Growth	[illegible]	89.2
Far East Growth	3rd	62.8
International Growth	[illegible]	[illegible]
UK Growth	[illegible]	47.3
UK Income	145th	31.0

[illegible]

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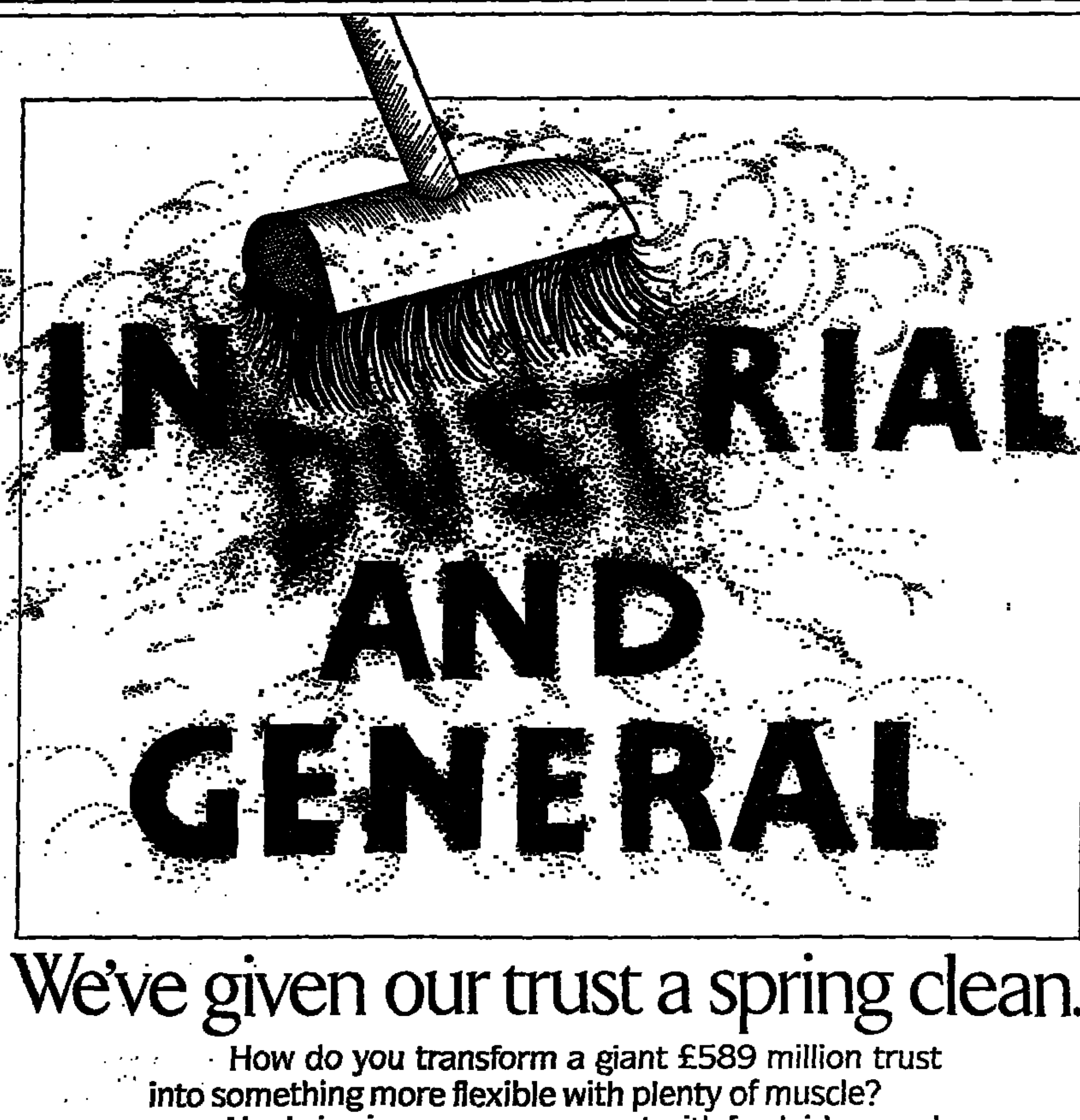

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Indian fund

A FUND to allow expatriate Indians and others resident outside India to invest in the securities markets of India has been launched by Merrill Lynch Capital Markets and Unit Trust of India (UTI) with the main objective of capital appreciation.

The India Fund is a Guernsey-based closed ended unit trust—similar in principle to an investment trust—in which 60m shares of £1 each will be offered at £1.0525 per share. The net proceeds of the offer will be used to subscribe for a special class of units in a scheme created for the fund by UTI which will manage it.

UTI is the only unit trust company in India, where it has more funds under management than any other public investment company—Rs 37.4bn (£2.05bn) on March 31 1986.

Income earned and capital gains realised will not be subject to taxation in either India or Guernsey but income distributions to the fund from investment on the Indian stock markets will be paid after deduction of 25 per cent Indian withholding tax.

NATWEST is improving the special package it offers to attract student accounts. It is increasing to £10 the cash gift for first-year students opening accounts and raising the amount that can be borrowed on overdraft at preferential interest rates from £150 to £200. Among other incentives are a current account free of normal charges until December of the year studies are completed and a cheque card for 18-year-olds receiving a local authority grant.

THE "Blue Chip" mortgage was launched this week by the National Home Loans Corporation. It will be marketed through eight life assurance companies.

Interest rate on "blue chip" loans will be directly linked to three months London Interbank Offered Rate (LIBOR). A fixed premium of 1.25 per cent will be added to the LIBOR quotation on the 20th of each month, which will then be used to calculate the rate charged to the borrower for the following month. The rate charged will be notified to the borrower monthly and automatically be paid by a variable direct debit.

For July, using the LIBOR quotation of June 20, the rate is 10.625 per cent. The scheme is available only on mortgages of over £50,000, but can be linked to endowment policies or pension plans. A similar LIBOR-linked mortgage scheme was announced by Citibank last month.

Meanwhile the Mortgage Corporation, which has been seeking to break into the market with a television advertising campaign, has cut its interest rate by 0.25 to 10.25 per cent, making it one of the cheapest available and well below the 11 per cent charged by the major building societies. The reduced rate, effective from July 1, applies to new and existing borrowers.

BARCLAYCARD IS offering its 8m Barclaycard holders a protection against the loss or theft of all cards, be they credit, cheque or cash cards, and emergency cash of up to £200 for cardholders stranded away from home. The new service costs £6 for one year.

BUY NOW while stocks last seems to be the message in the National Savings promotional literature for its Yearly Plan. It emphasises that you should act quickly if you want to take advantage of the plan, which still offers an annual interest rate of 8.19 per cent tax free, guaranteed over five years.

It warns that the plan, which is of especial appeal to high rate taxpayers, can be withdrawn at any time now without notice, and adds that since the fall in interest rates the number of applications for the Yearly Plan has increased to well over 2,000 a week.

After the big Euro-crash

John Edwards surveys the state of European unit trusts, and finds that the market expects a revival

INVESTORS have become so used to European unit trusts booming on the back of spectacular market price rises that it came as something of a shock when a few weeks ago things started to go horribly wrong. There were some dramatic price declines in several European markets, notably in previous high fliers like Italy, France and Spain, and even the more solid German and Swiss markets came under strong selling pressure.

Now the dust has settled and "the concensus is that the price declines were only a temporary hiccup — a necessary technical correction after the previous surge — and after a period prices will start to rise again in the last quarter, although probably not at the spectacular rate of last year.

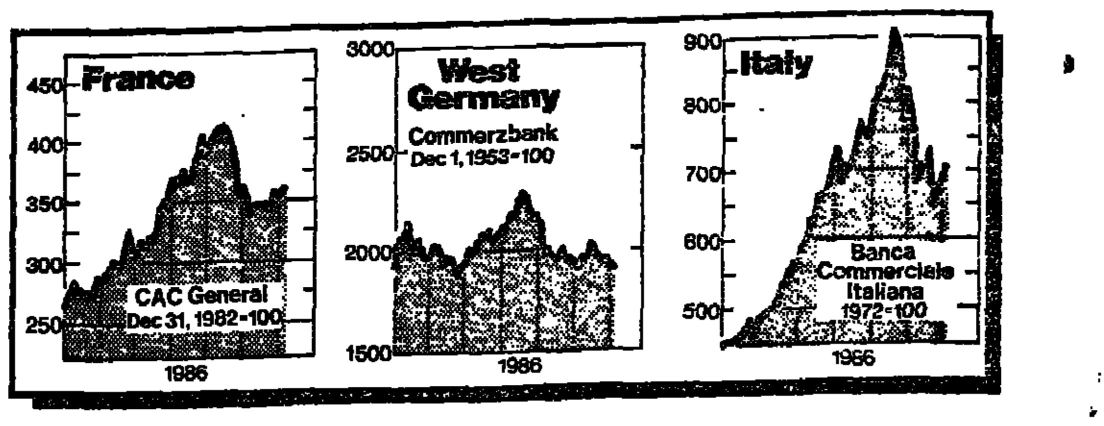
"We do not expect anything much to happen for the next few weeks, but are confident that prices will pick up by the end of the year," said Deborah Rees, of Kleinwort Grieveson, whose Barrington European unit trust has been one of the top performers. She anticipates the recovery may come earlier than expected, in mid-August when European investors come back from their holidays and may try to anticipate a September upturn.

While it would be unrealistic to expect the kind of rises seen last year, the fundamentals were sound and the economic news good, with consumer spending bouyant in Germany and Switzerland. In her view the beneficial effect of lower oil prices had been anticipated too early but would soon start coming through.

EUROPEAN PERFORMANCE

Fund name	Since April 1986 %	Since July 1985 %
Baring First Europe	−2.4	+92.8
Baillie Gifford Europe	0.0	+86.6
Baring Europe	−1.6	+84.4
Murray Johnstone Europe	−8.8	+82.6
Sun Life Europe Growth	−6.2	+76.5
Wardley Europe Growth	−9.5	+74.6
Hill Samuel European	−3.8	+72.4
Grofund European	−5.4	+72.3
Tyndall Europe Growth	−4.3	+69.6
Target Eur. Sp. Sits	−7.2	+68.9

Source: Opal Statistics



At the same time the bearish impact of the decline in the US dollar had been unduly exaggerated; it was largely a myth that exports might be hit, since only some 10 per cent of European goods were sold to the US. On the other hand the weakness of sterling against European currencies could benefit the UK investor.

Bill Richards of Sun Life said a setback in prices had been long overdue after a period of strong increases, particularly on some markets. People had been over-optimistic early this year and decided to take profits when the first quarter figures for economic growth failed to live up to expectations and many had switched to Japan. But special factors had been at work during the first quarter: there had been a particularly cold winter in Europe and destocking by companies anticipating lower prices, so the full benefits of the lower oil prices had yet to come through. After the summer break things should start to pick up again. He recommended buying European unit trusts while prices were weaker, in anticipation of stronger markets developing later in the year.

There was a similar message from John Pollen of Barings. He said that investors had decided to take profits after the exhorbitant price rises and disappointing first quarter economic figures. In the previous euphoria the temporary slowdown in demand had been overlooked. But the worst was now over and prospects were good for later this year. Retail spending, and capital investment, were rising and there was sustainable growth rate.

Jane Reybould of Capel-Cure Myers agreed that the worst of the profit-taking was now over. She noted that several of the markets had become very overheated and had suffered a normal correction after some phenomenal price rises, particularly in the smaller markets. In Germany the impact of disappointing first quarter figures had been aggravated by the Bundesbank holding up interest rates.

Martin Rasch of Perpetual, one of the many unit trusts that jumped on the European bandwaggon this year, but includes London in its European investing, said there had been a "nice setback" which would provide a good chance to buy after the holiday period. Top of their list would be the Netherlands, where the market had not yet reacted to the recent election result, followed by Switzerland and Germany. There was some uncertainty about the Paris market in view of the number of denationalisation rights issues.

As the table shows, if you put your money into European unit trusts belatedly this year, especially after the peak was reached in May, then you would be a loser. But if you went in last August, when the last boom really started, you would be well ahead.

Gilt funds hit snags

Nick Bunker explains the implications of two recent tax changes

LIFE GETS even harder for private investors trying to choose unit trusts as homes for their savings. The latest blow comes from recent tax changes which adversely affect gilts funds —the 70 or so unit trusts which invest in government securities for income or capital growth.

Most gilt funds originated in the early 1980s, when unit trust groups saw a marketing opportunity in the problems private investors face in picking the best-performing fixed interest securities.

Monthly tables published in Money Management magazine show that gilt fund prices have generally outstripped the FT Government securities index—the performance figure investors have to watch when choosing a fund.

The Inland Revenue has, however, now left the gilts funds with two tax problems—encouraging unit trust groups either to change their gilts investment strategy, or to completely reshape their capital growth gilts funds.

First, the capital growth funds have been caught by the new so-called accrued income schemes, which came into effect on February 28. It aimed to stamp out bond-washing—the practise whereby investors would sell a gilt shortly before the next interest payment date, with the profits chargeable to capital gains tax at a lower rate than income tax.

Rather unexpectedly, the new rules hit gilt funds with a possible 45 per cent charge on profits taken within the fund from sales of its holdings.

This happened because unit trusts has successfully lobbied in 1980 to have their gilt funds treated as trusts, rather than as companies, for tax purposes—and 45 pe cent was the tax charge for trusts in the 1985 Finance Act's anti-bondwashing provisions.

Since February, the Unit Trust Association has been exchanging views with the Inland Revenue and the Department of Trade and Industry on a possible easing of the rules—but at the moment the Inland Revenue seems unlikely to budge.

The second tax change came this week, when capital gains tax was finally abolished on all gilts sales. The problem is that CGT will still apply on the sale of units in a unit trust—putting investments via a gilts fund at a tax disadvantage compared with direct purchase of gilts through a stockbroker or over a Post Office counter.

This will, in fact, have little impact on most private investors, says Mr David Glasgow, managing director of Abbey Unit Trust Managers, because "people who invest in gilts through unit trusts are probably small investors who are not paying capital gains tax anyway." After all, an investor has to make more than £6,300 total capital gains in one year before becoming liable to CGT.

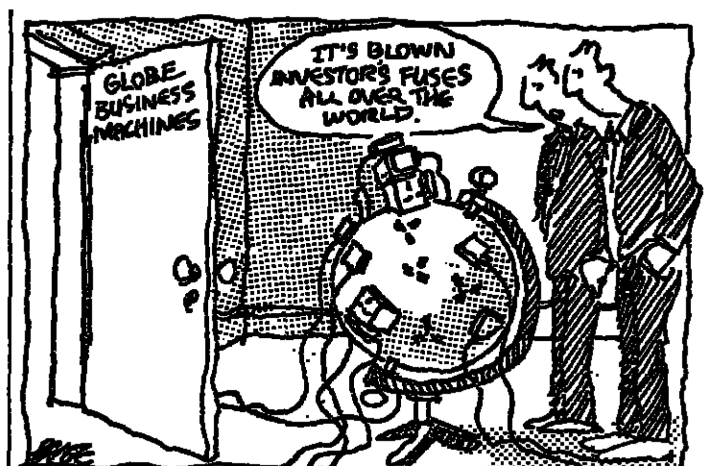
Second, even an investor paying CGT might still be better off buying his gilts through a unit trust, if the trust was consistently outperforming the gilts index.

The Inland Revenue's accrued income scheme is a bigger threat however to capital growth gilt funds—and several management groups, among them Save and Prosper, have already merged their capital growth funds with other trusts.

There are two other defensive moves open to fund managers. First, a gilts fund could change its trust deed—transforming itself back into a trust liable for corporation tax, at 35 rather than 45 per cent.

They could also try a policy switch—by, say, holding more low-coupon stocks. Less income accrues on a low coupon stock, again reducing the possible tax charge resulting from a sale. That however will limit the dealing options open to fund managers—and their scope to outperform the market.

Private investors anxious to get the best return will have no alternative but to watch more closely than before movements in the FT gilts index—so as to check whether a given gilts fund is still keeping ahead of the game.



Be Eternally Suspicious...

Investor's Tale

Kevin Goldstein-Jackson looks at the problems facing unwary BES investors

"YOU HAVE invested in a young dynamic company whose modern products will sell into an ever-increasing market-place," wrote the managing director of Globe Business Machines in a June 1982 letter welcoming me as a shareholder in his company. GBM had been established as a business start up scheme to manufacture word processors and computers.

By November 1983, the agents of GBM, Dartington and Co (the Bristol-based licensed dealers in securities) had felt obliged to write to GBM shareholders to tell them that the company was "in severe difficulties" and that "unless some more money is put in very quickly the company will shortly go into receivership or liquidation." Dartington therefore, recommended that GBM be taken over by another company and the princely sum of £1 was offered to each shareholder for their entire GBM shareholding.

GBM was my first experience with a business start-up scheme and showed that despite the considerable tax advantages it was still possible to transform an original investment of £510 into only £1 in 18 months.

Last year, BES schemes really seem to have "taken off" and I received numerous prospectuses. In one week alone I received six of them.

Perhaps BES should also mean Beware of Everything Schemes. You have to beware of investing too much money in "risky" ventures where to retain the full tax advantages the shares have to be held for five years; and beware of the promoters, their fees and charges and the small print; and beware of the nature of the proposed business.

I therefore looked carefully at all the prospectuses and was somewhat surprised at the differing amounts the sponsors were receiving. Some seemed to be taking rather a lot, while others charged quite reasonable fees to the companies they were promoting and/or took a modest fee from investors.

An interesting feature of the prospectuses was the information given about the performance of previous funds. For example, the prospectus for the Second Melville Fund listed 11 companies in which the Creative Capital Fund had invested a total of £355,000. Two of those companies had gone into receivership and a third was in liquidation and these had represented £87,000 of the fund's investments.

The prospectus for Electra Risk Capital Fund IV Fund showed that the II Fund had invested £10m out of which £382,500 had been in companies which had subsequently gone into liquidation. The prospectus did not list the investments of the First Fund and the fate of those investments.

After much consideration, I invested in two 1985-86 BES schemes. The first was Hotel Apartments, formed to provide quality hotel suites in prime areas in Central London. It was sponsored by Johnson Fry and Co.

The first property bought by Hotel Apartments met with planning problems and in June 1986 a circular to investors stated that the property would be sold at a price which would produce "a profit, possibly substantial, to the company." Meanwhile, it had purchased the Alexander Hotel, not far from Harrods.

My other, but much smaller, BES investment was in the Audley 1985-86 BES scheme. I was attracted to this because it was sponsored by Audley Fund Management, a company associated in its BES venture by PKbanken, one of Sweden's largest banks.

PK's London subsidiary, PKFinans International (UK) had been trading in London only since October 1984 and it seemed to me that as "newcomer" to the City they would be particularly keen to ensure that their ventures met with success in order to establish a successful track record in the UK.

It remains to be seen how these investments will turn out, but at least they have enabled me to deduct 60 per cent of their cost from my tax bill and I can only hope they will turn out far better than Globe Business Machines.

The BES enigma

Alice Rawsthorn explores the pitfalls of investment in a high-risk area

FOR MANY investors, subscribing to a business expansion scheme fund is an enigmatic affair. They invest in the knowledge that their investment will come to fruition at the end of the scheme's statutory five years and in the meantime have little or no knowledge of how their portfolio is progressing.

The venture capitalists which run business expansion funds are notoriously loath to disclose details of the portfolio's development, possibly because they are afraid that investors will be prompted to make short-term judgments on the progress of what are essentially long-term investments.

Yet last week Oakland Management Holdings, which administers the Alpha business expansion funds, released its annual report which monitors the development of those funds. On the surface, at least, the report makes very gloomy reading.

In the first fund, Alpha I, four companies have gone into liquidation or receivership, representing the loss of 24.3 per cent of the fund's investment base. Meanwhile the net book value of the fund has fallen by almost 50 per cent from the £1.39m originally invested to under £1m.

The second fund, Alpha II, has fared little better. Of the original portfolio two companies, or 17.2 per cent of the original investment, have been lost, while the value of the portfolio has fallen by 15 per cent.

Gauging the progress of the third fund, Alpha III, is more difficult, given that it is relatively young—it was launched little more than a year ago. Yet one company has gone into liquidation, representing the loss of 13.7 per cent of the original investment. The value of the overall portfolio has fallen by 30 per cent.

Oakland Management Holdings argues, quite sensibly, that the Alpha funds are relatively young, that such a high risk area of investment as the business expansion scheme early failures are inevitable and that the performance of the funds should be judged by their value at the end of five years, when the long-term successes should have balanced out the short-term failures.

Nonetheless, the performance of the Alpha funds is relatively poor when compared to that of the business expansion scheme as a whole.

According to the Peat Marwick Mitchell report on the business expansion scheme, one in six scheme-financed companies fail, representing just under 12 per cent of the capital invested.

Given that business expansion funds have been presented to investors as a more secure form of investment than direct issues—investors have every right to expect the "success rate" of funds, even at an early stage, to be higher than that of direct issues.

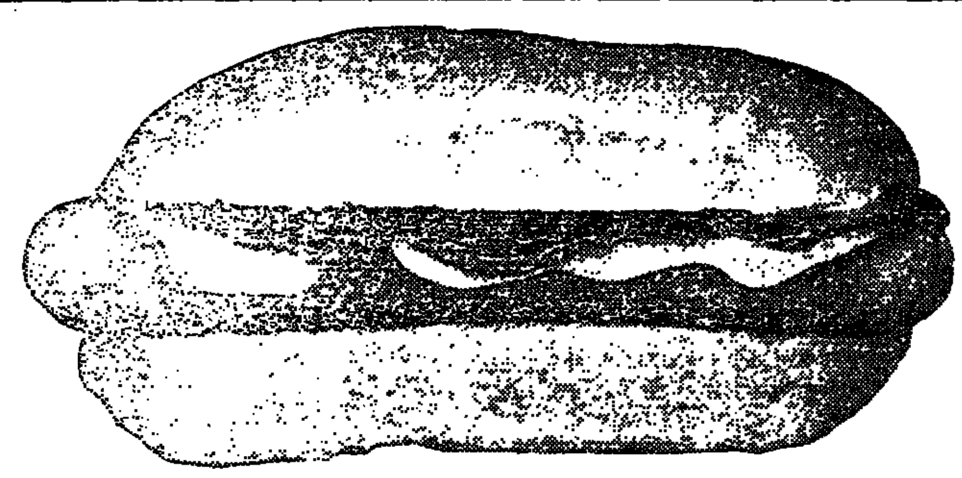
Yet Alpha's experience, albeit short lived, with an average failure rate of 18.4 per cent for the three funds launched in 1984 and 1985, is below par for the scheme as a whole.

Charterhouse Development Capital, a subsidiary of the merchant bank, Charterhouse Japhet, has invested £13m in 29 companies through three funds, and, like Oakland, has just launched its fund for the 1986-87 taxation year.

According to Mr Richard Duncan, Charterhouse's managing director, the first Charterhouse fund has lost one company, representing 10 per cent of the original investment, while the second has also lost one company, representing 7.3 per cent.

Lazard Development Capital, part of the merchant bank, Lazards, has invested £19m in 38 companies through five funds, and has just introduced a sixth. Thus far it has lost just one company, from the second fund, representing 4 per cent of the investment. Meanwhile, the value of the first fund has risen by between 5 and 10 per cent in two and a half years.

In the early days of the business expansion scheme investors tended to opt for funds, which were perceived as a less risky form of investment. As the scheme has matured, and investors have become better attuned to it, they have turned away from funds and direct issues now absorb the larger proportion of the capital invested each year.



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Disregard for shibboleths is the hallmark of a new scheme on offer from Allied Dunbar. Eric Short assesses its advantages for borrowers

Head over heels

MARK WEINBERG, the chairman of Allied Dunbar Group, has been noted for turning accepted practices on their head ever since he first appeared on the life assurance scene well over two decades ago. So it is not surprising to find that Allied Dunbar's direct entry into the house mortgage market does precisely that as far as *mortgage shibboleths* are concerned.

The intention is that borrowers should get a speedy and efficient service and that borrowers should pay a fair interest rate with no cross-subsidies between mortgages.

Every new scheme claims to offer the first feature, and mortgage offers, at least provisionally, now come very quickly—*though this is* due as much to the glut of mortgage finance as to office efficiency.

It is the second feature which has brought about the surprises, *leading to the following* features:

● Interest rates fall *for larger* loans. General practice is to charge the same rate irrespective of the amount of mortgage, but Allied Dunbar is charging 10.5 per cent for *loans of* £75,000 or more, 10.75 per cent for loans of £40,000 to £75,000, and 11.25 per cent for loans of £30,000 (the minimum) to £40,000.

The interest rate structure reflects the lower unit costs involved in higher mortgages and ensures no cross subsidy. It *also ensures that Allied Dunbar* will get very few applications for mortgages below £40,000.

● Repayment mortgages are available—itself a surprising feature from a life company, where the main reason for offering mortgages is to boost life and pensions business by effectively banning the repayment method. However, the interest rate is 0.25 per cent higher for repayment mortgages. At present almost all lenders charge the same rate and until a few *months* ago borrowers paid higher interest rates for interest-only endowment or pension mortgages.

Again this higher rate reflects the lower yield to the lender of a repayment mortgage, compared with an interest-only mortgage.

● AVC mortgages are also available. Allied Dunbar at present does not operate an Additional Voluntary Contribution arrangement on pension schemes, so it will accept most AVC schemes for repaying a mortgage, providing the main pension scheme's rules comply with Allied Dunbar's requirements.

Indeed, Allied Dunbar is fairly relaxed over life policies. It will accept another life company providing the death cover on a *repayment or pension mortgage*.

The service will be provided by a newly recruited mortgage team who in the spirit of the pending *financial services* legislation have been trained and examined in all aspects of marketing mortgages.

The mortgage limits are 2½ times main salary, plus the secondary salary—which is somewhat on the stringent side—up to 95 per cent of valuation. However, in the upmarket bracket this is not *likely* to be a handicap to reaching the £100m target.

The service offers a Homeloans Priority Certificate which reserves funds for three months. There is also a facility for further advances, with a minimum of £3,000, which provides further advances within *five years without another* check on income or property valuation.

Meanwhile, the Co-operative Insurance Society's re-entry *into the mortgage market*—it was an active player up to 15 years ago—is designed more towards the lower end, with mortgages from just £5,000 to *£100,000 in its Mortgage Maker* package.

The CIS is offering both endowment and repayment, but not pension mortgages, at an *interest rate of 11 per cent*—the general market level for major mortgage suppliers. However, its interest is charged on the monthly balance outstand*ing, making it more* competitive than the average building society loan.

At the same time, the package contains several other special "*fringe*" features. *For a start*, CIS legal fees are well below average at only £45 for all new mortgage loans and as a special introductory offer even these fees will be waived entirely during 1986.

Applicants will also receive a privilege discount voucher entitling them to 12.5 per cent off furniture and carpets at most co-operative stores. And there is a permanent health *insurance policy to cover* mortgage payments in the event of sickness or disability.

CIS is second only to Prudential Assurance in the home *service insurance field—that is* insurance companies which transact business through agents calling at the homes of policyholders and prospective *policyholders*.

The CIS intends to market its mortgage packages primarily through its 7,000 agents and is using home calling as the *central* marketing theme: "There can't be a better way to arrange the mortgage you require than by discussing it in the comfort and privacy of your home."

BRIDGE

IT IS THE ability to overcome the unkind breaks that marks the first class player. In my two hands today the declarers were defeated because they failed to spot the key play that turned defeat into victory. Study this little slam from a rubber:

```
            N
         ♠ A K 10 8 6 2
         ♡ K 7
         ◇ 8 6
         ♣ 9 4 3
   W                 E
♠ J 9 7 4         ♠ 5 3
♡ J 10 8 2        ♡ 4
◇ 10 9            ◇ Q J 7 5 3 2
♣ J 6 2           ♣ Q 10 8 7
            S
         ♠ Q
         ♡ A Q 9 6 5 3
         ◇ A K 4
         ♣ A K 5
```

With North-South vulnerable, South dealt and opened the bidding with two hearts rather than two clubs, North replied with two spades, and *South rebid three clubs*. North now jumped to four hearts, South introduced a Blackwood four no trumps, receiving the response of five diamonds, followed by *five no trumps, which* was answered with six hearts, and South's six no trumps ended the auction. Six spades by North is cold, as is six hearts by South, but in six no trumps South managed to go *down*.

Winning the diamond lead in hand, the declarer cashed the spade queen, crossed to the heart king, and cashed the ace and king of spades. *Finding* the spades divided 4-2, he came *to hand* with a heart, but West had the suit held and the slam was lost.

A little thought shows the right lines of play. The declarer does not need to make six tricks in hearts—five are enough. After cashing the spade queen at trick two, he must lead a heart, West plays the eight, and dummy plays the seven.

West is *allowed* to make a trick in the suit when he can do no harm with the lead. The declarer wins the diamond re-

losers on the ace and king of spades, and claims the rest of the tricks for contract. Very simple, really. But this mental blindness can attack even the first class player on occasions.

Now for another no trump contract, also from rubber bridge:

```
            N
         ♠ Q 10 9 5
         ♡ 7 4
         ◇ K 10 9 7 3
         ♣ A 7
   W                 E
♠ A 7 4 3         ♠ K J 2
♡ 9 5 2           ♡ K 10 8 6
◇ 5               ◇ J 8 4 2
♣ Q J 10 9 3      ♣ 5 4
            S
         ♠ 8 6
         ♡ A Q J 3
         ◇ A Q 6
         ♣ K 8 6 2
```

South dealt at a love score, and bid one no trump, to which North replied with a Stayman two clubs. South said two hearts, North jumped to *three no trumps, and all* passed.

West led the club queen, and the declarer won in hand in order to preserve dummy's ace *as an entry. Nine tricks seemed* reasonably safe, but when South cashed ace and queen of diamonds, West failed to follow to the second round. Seeing that a diamond must be lost, the declarer crossed to dummy's king with a third diamond, and conceded a trick to East's knave.

The club return was taken by the ace, the last diamond was cashed, and the knave of hearts was *successfully finessed*, but with no way back to the table to repeat the finesse, South ended up with only eight tricks.

When the bad break in diamonds comes to light, the declarer realises that the heart finesse must be assumed *to* work. He must create another entry to the table. He should overtake his diamond queen with dummy's king—this does not cost a trick—take a heart finesse, and return a diamond to the nine.

East makes his knave, but the declarer can return to dummy via the ace of clubs to cash two diamonds and take a second finesse in hearts. East-West can meanwhile make three spade *tricks, but that is all*.

John Edwards tells how to be a stockbroker to the masses

A soft sell on TV

ADVERTISING A PRODUCT costing a minimum of £50,000 is not normally associated with the mass audience provided by television. But in recent weeks Capel-Cure *Myers, London* stockbrokers, has been doing just that in publicising its Master Portfolio unit trust on TVS. The campaign is due to be extended to London in the autumn.

The commercial is very low key, discreetly mentioning the *£50,000 minimum and adopting* the soft-sell approach. It has not brought a dramatic response, but it does point the way to the different kind of approach to investors that is *likely* to be adopted in the fiercely competitive conditions following the Big Bang in October.

In the US, which had its Big Bang more than 10 years ago, financial advertising of this kind on *television* is quite common.

Back in 1983, Capel-Cure Myers, a subsidiary of the ANZ banking group, were the first stockbrokers to use television advertising. But the product *they are* publicising *now is seen* as another method of extending stockbroking services to a wider audience.

The Master Portfolio uses the popular package of a unit trust to provide investors with the kind of service normally only *available to stockbroking clients* with a great deal more than £50,000. In exchange for not having your own individual portfolio, you gain the tax *advantages of a unit trust*—deferred payment of capital gains tax—and a variety of other services, such as regular briefings and reports on market trends at a *low cost*.

If you have more than £50,000 you can set-up a "satellite portfolio" alongside your holding in the Master Portfolio and use this for picking individual shares or other investments.

The Master Portfolio itself is selected, and varied according to *market conditions*, by Capel-Cure Myers to perform conservatively with a wide spread of investments in equities in UK and overseas markets, balanced by *a proportion in fixed income* instruments such as gilts and bonds.

Not that much different from a normal general unit trust, except that you get the ancillary stockbroking services and the cost of joining is a lot cheaper. Because of the high minimum, for a unit trust, the initial front load charge is only 1.5 per cent (*compared with 5 per cent* normally) and you should be able to negotiate an even cheaper charge for amounts over £100,000. There is an *annual management fee* of 1 per cent, much the same as other unit trusts.

According to Fred Carr, marketing director of Capel-Cure *Myers*, the Master Portfolio has attracted nearly £30m of investment since its launch last November. The *average holding* among the 380 investors is £80,000 but *there are* several well above the £0.25m mark.

Mr Carr says that discretionary management is far better for sums of this size. "Timing is crucial—we have to have the ability to act *quickly*," *he explains. However*, investors are given regular monthly reports on the progress of the fund and what has been bought and sold, and why.

While Capel-Cure Myers has been going for the top end of the unit trust investment market, Touche Remnant has used *the same formula* (called the Managed Equity Plan) to encourage share-ownership to the small investor, who has probably so far kept his money in a *building society* or *high* interest bank account.

To emphasise the point Touche Remnant has set a maximum (£5,000) as well as a minimum (£500) for investors in the plan. Since the launch *in May*, the plan has attracted £3.2m spread among 4,000 investors. Mr John Gittings, managing director of Touche Remnant unit trusts, says it is obvious *that most of the 4,000* are first-time investors, some of whom have little or no knowledge of the stock market.

He is "very encouraged" by the response since the plan, which also adopts a very *conservative investment policy*, is aimed at taking a long-term view in promoting unit trusts to a larger public. The main targets are investors who are becoming concerned at the declining rate of interest payable on building society accounts.

Theft-proof

Where you live can make all the difference to home insurance. Jeremy Sandelson explains

INSURANCE policies for household contents differ widely in cost and terms of cover, so it is worthwhile shopping around. The amount of premium you *pay each year depends on three* main factors. First, the sort of policy and cover you choose; second, the amount your possessions are actually worth; and third, where you live.

The main reason why the cost varies according to *where* you live is because the frequency of theft differs throughout the country. In Britain today, someone's home is burgled every two minutes—but the chance of the robbery occurring *in London* is 20 times higher than in the country.

The prospectuses issued by most insurance companies now divide the country into a number of "rated" districts. Once you have chosen what cover you want and for how much, the *premium will depend on the* rating of your district.

At the top end of the scale will be those areas of extreme high-risk such as central *London. In the middle and half-*way down the scale would be a town like Slough, in Buckinghamshire, and at the bottom end of the scale you might find a place like Lincoln or Shrewsbury.

One well-known insurance company charges a London premium four times more than the bill for the same cover in a low-risk area.

No matter where you are, however, it might be worth *looking at your home's* protection against burglary because good security measures can reduce your premiums. In fact, if you live in a high-risk area and have a certain amount of valuables, you might find that your insurance company insists you instal safeguards against burglars.

If you have already been robbed, your company might renew cover only when it has physically checked your security measures. If not satisfied that your home is protected adequately, it could insist that you fit a burglar alarm or even steel-shuttered doors inside the French windows.

Make sure you do listen to what the insurance company says, because the "recommendations" may be policy conditions and you will not get cover unless you comply with them.

In the words of the insurance ombudsman: "The position is simply that if a condition is *imposed, the house contents are* insured against theft or vandalism ONLY when the safeguards are used . . . no matter how tiresome they may be."

With some companies, there can actually be a bonus for you if you improve your security measures. For instance, the Home Shield policy issued by the Royal gives you a full 15 per cent discount off the premium if you have an alarm.

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THE STOCK EXCHANGE

Frank advice from new boss Fred

Eric Short on the effects of the rescue of UK Provident— and on policyholders' moves to protect their investments

THE OPERATIONAL merger between United Kingdom Provident Institution and Friends' Provident Life Office was formally approved this week by the policyholders of UK Provident.

Those policyholders who took the trouble to make the journey to Salisbury on Monday to attend the annual general meeting had three questions to ask: how did it happen? who was responsible? and what do we do now?

Policyholders asking this third question—and there were several at the meeting—were voting with their hands for Friends Provident to manage their company, in particular its investments and administration, but at the same time they were wondering whether they should vote with their feet and get out of UK Provident by cashing in their policies.

They got some frank replies from the new chief executive, Mr Fred Cotton.

Fred Cotton: accepting he should keep investors informed.

The problem facing with-profit policyholders is that they have already had to swallow a 10 per cent cut in the interim bonus rate and, as Mr Cotton said, this reduction was just a sighting shot. The exact position will not be known until the actuarial valuation at the end of next year. UK Provident's appointed actuary, Mr Ron Bignell, could only indicate that at present financial conditions had not got any worse.

So should with-profit policyholders cut their losses and turn to another traditional life company?

If they have policies that have been in force for some time and still qualify for life assurance premium relief, then his answer was an unqualified "stay with UK Provident."

Policyholders must remember that even with this bonus cut they are not going to lose money on their contract. They just will not make as much as originally expected. His advice should be followed on this.

However, for policies taken out recently which do not qualify for this relief the position is different. Mr Cotton advised such policyholders who were uneasy about their contracts to talk to their insurance broker or consultant about switching to another company.

But such a switch would only make financial sense if the intermediary was prepared to forego the initial commission and provide enhanced benefits on the new contract. Mr Cotton, to his credit, did not advise policyholders to switch to Friends' Provident.

For recently-effected policies, the decision is a difficult one and needs to be discussed with one's financial adviser. But any switch should be made soon or not at all.

The situation is rather different for unit-linked contracts. UK Provident only entered the unit-linked field last autumn: the launch was highly successful thanks to very generous offer terms.

However, many unit-linked policyholders, unlike their with-profit counterparts, have already voted with their feet and cashed in their contracts—some £20m being surrendered out of the original £114m from the launch (plus some money subscribed later).

The unit pricing was put on to a bid basis to check this outflow and the price has remained virtually static since. It is a reminder that it is far easier to achieve performance on unit funds when money is coming in than when investments have to be sold.

The redemptions have been virtually checked and Mr Cotton hopes to get pricing back onto an offer basis as soon as possible. But he did warn policyholders that he and his team are not yet confident enough that the outflow has finally stopped.

There is no doubt that those unit-linked policyholders who stayed with UK Provident would have done better in investment terms if they had switched as soon as the problems came to light into the unit bonds of other life companies.

At present, it would be attractive to buy UK Provident bonds, which are still available, on a bid basis if the move to an offer basis were imminent. But if bondholders were suddenly to lose patience and surrender in droves, then the unit-linked operations of UK Provident could disappear. The combined team needs to reassure policyholders and brokers about the quality of the new investment strategy as a matter of urgency.

Mr Cotton announced that both Friends' Provident and United Kingdom Provident were working on a complete repackaging of the unit-linked operations to produce a range of products that would include both FP and UKP funds with no overlap. This is likely in the autumn.

However, many policyholders were concerned over the effective merger. Mr Philip Bayliss, senior partner of Hugill and Co, a London-based firm of chartered accountants, is endeavouring to set up a UKPI Policyholders' Council to look after their interests and to retain some control by them over UK Provident. He, his partners and many of his clients are policyholders and they could form a strong nucleus for such a council.

Perhaps it would have been better to set up such a body three months ago when the problems of UK Provident were first announced. However, what is essential now is that the new UK Provident board should keep policyholders fully informed. The need for better communication was accepted by Mr Cotton.

Margaret Hughes recounts the efforts by the timeshare market to brush up its image

Caring for sharers

SCOTLAND YARD is investigating the club membership side to timesharing and in particular its tax evasion aspects. It is also liaising with the Trading Standards divisions of various local authorities which are looking into complaints from the public over the marketing of timeshare properties, amid reports that millions of pounds have been lost by would-be purchasers of non-existent or worthless properties.

With such a spotlight turned on the more disreputable side of timesharing, six of the major UK developers have got together to form a trade association with the aim of eliminating the "cowboys" and brushing up the industry's image.

While this will be too late for those who have already had their fingers burnt and their pockets emptied, anyone still contemplating such a purchase would be well advised to do so only from a developer who is a member of this newly-created Timeshare Developers Group.

Of the six founder members, who between them account for 35 per cent of the market, both in the UK and overseas, five are major household names: Barratt, Wimpey, Kenning Atlantic, European Ferries and McInery Properties.

The sixth member, Langdale, is a smaller concern, but one whose standards of quality and resources comply with those of the others. The hope is that the group will be expanded by a dozen or so other timeshare developers who can similarly meet these standards. These will not necessarily be UK based but will be those who undertake developments for sale to the British public. Companies engaged solely in the financing or marketing of timeshare properties will be excluded.

Although the group is clearly anxious to clean up the timeshare image, not least because it affects the developers' business, it could prove to lack teeth. It is shortly to publish a booklet telling would-be purchasers what they should look for, but it does not intend to establish a code of conduct, or even any guidelines.

Speaking for the group Mr Robert Rose, managing director of Kenning Atlantic, explains this by saying: "We wouldn't want to impose criteria. If we did, it would take us years to get what we wanted." Instead the main conditions for admission to the group will be that the developer is financially sound, able to deliver a good product, and have a long-term commitment to the market. Beyond that it will rely on the reputation of individual members rubbing off on the rest of the industry.

Timeshare developers have been criticised for their hard-sell marketing and Mr Rose concedes that there is a "fine line" between "enthusiastic" and "aggressive" marketing. But there are no plans to establish guidelines in this area either. He would only go so far as to say: "We wouldn't want anyone within the group who engaged in deceptive practices. Neither do we want those who rip off their clients."

Timesharing — where purchasers buy the right to use a villa or apartment, usually at a holiday resort, for a fixed period each year—started in the US some 15 years ago. It is estimated that a million families worldwide now own a timeshare.

In the UK the market has only been going for some nine to 10 years, but it is a rapidly expanding one, with hundreds of developers, many of them engaged in one-off operations, bidding to market properties in such major holiday resorts as Spain and Portugal to British buyers. Between 50,000 and 60,000 UK families now own a timeshare, and this is conservatively expected to increase by another 30 per cent this year.

As the market has matured a system for exchanging rights to properties has developed alongside. This is operated by major international agencies which allow timeshare owners to exchange their right to use a home for someone else's right elsewhere. These two agencies—Resort Condominium International and Interval International—which handles over 1,500 timeshare developments worldwide, representing some 90 per cent of the market—have also joined the Timeshare Developers Group.

Cheapest cup of tea in Europe

The very best bargains can be seen at a glance in the Thomas Cook Index. Margaret Hughes picks them

THE CANARY ISLANDS are the cheapest holiday destination amongst the top European resorts according to this year's Thomas Cook Cost of Holiday Living Index. This is largely because car hire rates on the islands are very competitive. If you don't intend to spend your time sightseeing by car then the Greek islands of Corfu and Crete provide the best value for money, with dinner for two costing the equivalent of only £7.54 in Crete and £8.54 in Corfu. Cyprus, Madeira and Portugal are the most expensive destinations on offer.

Greece also scores well when it comes to buying a half litre of beer, costing the equivalent of 33p in Crete and 38p in Corfu. For the cheapest bottle of wine the Canary Islands again come out on top, with a litre costing the equivalent of only 93p in Lanzarote. Portugal proves the most expensive at £2.44 but offers one of the cheapest cups of tea at 27p. Wine will also cost more than £2 in Marbella. Other good buys are camera film in Lanzarote at £2.22 and suncream in Corfu at £1.71.

The Holiday Cost of Living Index is the result of information provided by Thomas Cook's representatives in the resorts and features the most competitive prices available. The Index is based on: dinner for two, including one bottle of wine each night; two cups of coffee and tea, four beers and two soft drinks each day for a week; a roll of 24 print camera film; one bottle of suncream; five postcards including postage; car hire for one week at mid season rating and 20 litres of petrol.

Thomas Cook points out that prices on the Costa del Sol will fluctuate considerably between places such as Torremolinos and Marbella, and between the north and south of Tenerife.

COST OF HOLIDAY LIVING INDEX

	Lanzarote	Gran Canaria	Costa del Sol	Tenerife	Minorca	Majorca	Corfu	Crete	Cyprus	Portugal	Madeira	Ibiza
	£	£	£	£	£	£	£	£	£	£	£	£
Dinner for two	11.68	9.34	9.35	14.00	9.35	9.35	8.54	7.59	13.16	13.33	13.33	14.00
Litre of Wine	0.93	1.17	1.87	1.17	1.00	1.64	1.23	1.90	4.87	2.44	1.33	1.03
Coffee	0.33	0.35	0.35	0.42	0.37	0.44	0.31	0.38	0.39	0.36	0.44	0.33
Beer (Half Litre)	0.40	0.70	0.47	0.47	0.51	1.17	0.38	0.33	0.79	0.44	0.80	0.75
Tea	0.33	0.35	0.35	0.42	0.37	0.44	0.28	0.24	0.39	0.27	0.36	0.33
Camera Film	2.22	3.50	3.27	2.80	2.80	5.81	3.61	2.85	3.95	3.56	2.67	5.58
Soft Drink	0.26	0.35	0.35	0.47	0.47	0.58	0.21	0.26	0.26	0.27	0.36	0.56
Sun Cream	3.27	2.99	3.50	3.04	2.34	3.34	1.71	2.37	1.97	2.22	3.56	3.04
Postcards & Stamps	1.17	1.17	1.17	1.05	1.17	1.17	1.00	1.19	1.32	1.60	1.33	1.05
Car Hire—one week	78.00	72.00	87.73	82.00	106.00	95.00	134.00	134.00	121.00	110.00	140.00	95.00
Petrol—20 litres	5.05	6.07	7.76	5.05	7.71	7.66	7.12	7.40	1.57	10.76	9.33	7.66
WEIGHTED TOTAL FOR ONE WEEK	202.06	193.60	209.83	212.86	229.89	242.97	237.67	235.23	272.40	263.45	298.15	255.82

Source: Thomas Cook Holidays

Legal Notices

No. 003953 of 1986
IN THE HIGH COURT OF JUSTICE
Chancery Division
IN THE MATTER OF
ROTAPRINT plc
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 28th day of May 1986 presented to her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £4,600,000 to £2,553,000.10

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London, WC2, on Monday the 14th July 1986

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated ... 1986.
NORTON ROSE BOTTERELL & ROCHE
Kempson House
Camomile Street
London EC3A 7AN
Ref: DEA 6S H17707
Solicitors for the said Company.

No. 001547 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
J. BIBBY & SONS
PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 17th June 1986 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company

And Notice is further given that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 14th day of July 1986

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of the said Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 3rd day of July 1986
CLIFFORD-TURNER,
Blackfriars House
19 New Bridge Street
London EC4V 6BY.
Ref: RVC
Solicitors for the above-named Company.

No. 00 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
COMMON BROTHERS
PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 16th June 1986 confirming the cancellation of the Share Premium Account of £11,208,321 and the reduction of capital from £7,725,000 to £780,100 of the above-named Company was registered by the Registrar of Companies on 25th June 1986
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Blackfriars House
15 New Bridge Street
London EC4V 6BY

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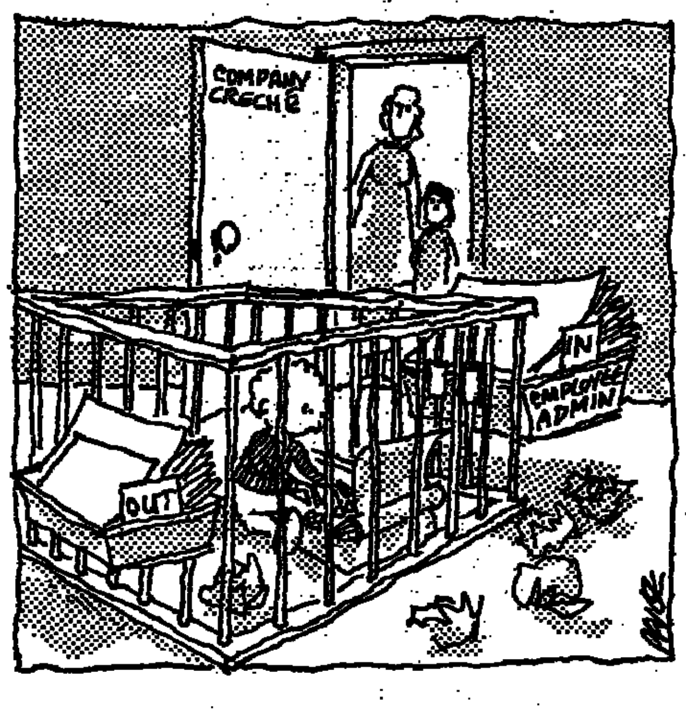

Maternity pay plan anger

Carrie Cliff examines Government proposals to replace the State Maternity allowance

AFTER A few months consultation with employers and other interested organisations, the Government has unveiled its proposed legislation for maternity pay and allowances.

The Government's original aim was that *Statutory* Maternity Allowance should replace the present *State* Maternity Allowance. This would create a maternity version of Statutory Sick Pay (SSP), for which employers are liable for payments to their employees.

After loud protests by employers, their associations, women's organisations and others, the Government has now introduced new clauses to the Social Security Bill, which will enable both maternity pay and the maternity allowance to be incorporated.

Ingeniously, the new benefit has been named Statutory Maternity Pay (SMP). Responsibility for payment — and therefore the administrative costs — will remain with the employer.

But employers are by no means the only victims of the changes. Tony Newton, MP recently admitted that, because of the new rules, between 75,000 *and 85,000 women will no* longer qualify for maternity allowance. In contrast, only between 5,000 and 10,000 additional women will become entitled for the first time under the new scheme.

Basically, SMP will be two tier. *Either* a woman will be entitled to an earnings-related payment equivalent to 90 per *cent of her earnings for six* weeks, followed by a flat-rate payment equivalent to the lowest rate of SSP for 12 weeks, *or* she will be entitled to the flat-rate payment for the total 18 week period.

In neither case will there be any additions for dependants (currently worth £18 a week). In both cases, the payment received *will* be liable for tax and National Insurance deductions.

Two tests will be used to determine which tier of SMP is applicable — a service and an earnings qualification.

To qualify for the higher or "earnings related" SMP tier, a woman must have worked for her employer continuously for two years which is in line with the current maternity pay provisions.

To qualify for the flat-rate SMP tier, she must have worked for the same employer for six months *immediately before she* stops work which is at total variance with the current maternity allowance provisions.

At present, a woman has only to have paid National Insurance contributions for 25 weeks in the financial year preceding that in which she is claiming benefit. There is no requirement that she has worked for *the same employer* or that *she* should have actually worked for a specific time.

A further drawback is that a woman must have worked with the same employer for the six months immediately preceding the 14th week from the expected date of confinement and not the 11th week which currently applies for maternity pay.

The same applies to the earnings qualification for SMP. In other respects though the earnings qualification are on a par with those which apply now to SSP—a woman must have been earning at or above the lower limit for National Insurance contributions and women who opt to pay the reduced rate of contributions will be eligible for SMP.

The proposed new scheme does offer one piece of good news for those pregnant women who will be able to qualify for SMP. The new provisions will *allow a degree of flexibility in* deciding when to take advantage of the 18 week SMP entitlement.

There will be a 13 week core period, starting six weeks before the baby is due, but it will be up to the woman to decide when to use the remaining five weeks entitlement—before, after, or some before *and some after, the birth date.*

It is important to note though that if the woman works during any part of the core period, *she will* lose a corresponding amount of her flat-rate entitlement.

And for those women who do not qualify for SMP, the DHSS will retain responsibility for a residual state maternity allowance. This will be paid at the same rate as for the prevailing rate of sickness benefit, which is lower than that for the prevailing SSP flat-rate.

To qualify, a woman must have been employed, or self-employed, and paid full National Insurance contributions for at least 26 out of the 52 weeks preceeding the 14th week before the baby is due. The same core period and flexible five weeks will apply as for SMP.

Employers' indignation at *having further administration* costs thrust on them is quite justified. Many are already liable for operating maternity pay schemes; most are liable for SSP—a responsibility which has recently been extended from the first eight to the first 28 weeks of an employees' sickness absence.

The Government has been keen to publicise its intention to "lift the burden" on businesses, but Norman Fowler's proposal that the new Family Credit (which will replace Family Income Supplement) *should be paid through* the wage packet—and therefore administered by employers—is also still lurking in the background.

Thus, while women already in employment could lose out, as confirmed by Tony Newton, others of child-bearing age, applying for jobs now may experience a degree of unfair scepticism and resistance from employers concerned at reducing their costs.

No tax therapy

Is it possible for me to offset the costs of psycho-analysis against tax on the grounds that I need the analysis to carry out my job. I know that it is possible to do this for self-employed people working in the therapeutic field as I am. It seems, as far as I can find out, possible to do this when one is not self employed but I have not been able to find any facts other than it seems to be up to the discretion of the individual tax inspector. I am a social worker on a busy cardiothoracic ward of a hospital. My work with the children admitted for tests, treatment and major complex surgery is frequently harrowing and extremely distressing. Many of the children suffer from life threatening disease and many I meet in my work eventually die. My work includes bereavement counselling and psychotherapeutic family work. I think it would be extremely difficult, if not impossible, to manage the psychotherapeutic part of the work adequately without this additional analytical input. Without the support the work stress would express itself as illness, as it did before I started analysis. I think I can in all honesty say that I could not do the job satisfactorily without this input. An additional advantage of the analysis is the learning factor — is this training aspect of it also something which is relevant?

We are sorry to say that the answer is no. The schedule E expenses rule (in section 189 of the Income and Corporation Taxes Act 1970) is notoriously narrow. It is designed for administrative convenience, and makes no pretensions to equity.

"If the holder of an office or employment is necessarily obliged to incur and defray out of the emoluments thereof the expenses:

a) of travelling in the performance of the duties of the office or employment, or

b) of keeping and maintaining a horse to enable him to perform the same,

or otherwise to expend money wholly, exclusively and necessarily in the performance of the said duties, there may be deducted from the emoluments to be assessed the expenses so necessarily incurred and defrayed."

Your expenditure is to enable you to perform your duties; as it is not incurred in the performance of those duties, it is not allowable.

Codicil changes

My wife and I have made similar wills leaving everything to the survivor or if one of us is already dead to our only daughter. Later we made codicils reading "I give to my daughter— absolutely a sum of money equal to the threshold for the payment of capital transfer tax current at the date of my death." Since CTT is to be replaced by Inheritance Tax will it be necessary to make revised codicils and if so when?

It would be wiser to execute a fresh codicil in which you use the same formula but insert after "Capital Transfer Tax" the words "or Inheritance Tax," as the case may require."

Travel cost mistake

Since 1974 I have owned a holiday home run by a management company who do the letting, supervision, etc.

Each year of ownership I have claimed car travelling allowance for tax purposes travelling from home to the camp on occasions during each year to check on what is going on, i.e. a superintendence allowance. All owners at the site were told to do this by an association of owners to which I belonged.

The tax people now say this was a mistake, the allowance should not have been given in the past and cannot be allowed for 1985 and in future.

The Inland Revenue takes the view that the cost of travelling to inspect let property is not allowable under the rules of schedule A or schedule D case V or VI—any more than the cost of travelling to shareholder's meetings is deductible from dividends under the rules of schedule F or of schedule D case V. This is a point which has been mentioned in our published replies over the year, but you must have missed them.

Presumably, however, your case VI computations have been based upon case I principles for 1982-83 onwards, by virtue of paragraph 3 of schedule 11 to the Finance Act 1984 (which took effect retroactively). If you are indeed eligible for the beneficial treatment given to certain furnished holiday letting by section 50 of the Finance Act 1984, then your travelling expenses *may be allowable under the* rules of case I. We suggest that you spend a quarter of an hour or so in a local reference library, looking up the 1984 provisions for furnished holiday lettings in the British Tax Encyclopedia or Simon's Taxes, for example.

Indexation allowance

I should be grateful if you would let me know how to calculate the above allowance in following circumstances.

100 shares purchased 1979 cost £100. Scrip issue 1: 1 in 1980 total holding now 200 shares. Scrip issue 1: 1 in 1983 total holding now 400 shares. Scrip issue 1: 1 in 1984 total holding now 800 shares. Total holding sold March 1986 for £1,000. I assume indexation allowance is calculated at March 31 1982 value on 200 shares. How will the subsequent scrip issues affect the calculations.

No doubt Extel and Stubbs Taxation service will be issuing details of all share prices at March 31 1982 as well as details *of the factor for calculating* the allowance.

Assuming that the March 31 1982 (quarter-up) market value was 70p a share, and that last month's RPI was 381.5, the chargeable gain would be: £1,000 — £100 — 21.7 per cent of £140=£869.

CGT on shares

I have noticed from time to time in the Briefcase column and in some FT articles that on death there is no liability for Capital Gains Tax on Stocks, Shares etc held at date of death and that whoever inherits those stocks, shares etc takes them at Probate Value for CGT reckonings of "cost". Where there are holdings in joint names, say husband and wife, and one of them dies—what is the position regarding "cost" for Capital Gains Tax for the survivor? (the survivor having become the sole holder).

The deceased's 50 per cent interest in each share is deemed to be acquired by the survivor at market value on the day of the deceased's death.

Double relief

My taxable income last year consisted entirely of dividends, half from the US, and all 30 per cent tax paid, with appropriate tax certificates.

I am entitled to single age allowance, and expected a refund of 30 per cent of £2,690.

The tax inspector, by deducting £2,690 from the gross and disallowing the 15 per cent US tax, effectively levied £454 tax on my age allowance.

This looks crooked to me, but can he possibly be right?

The inspector has simply forgotten to give you double taxation relief. Go back to him and ask for the rest of the money he owes you. If by chance he demurs, please let us have a detailed list of your dividends from abroad, so that we can be quite sure that the refund due is as follows:

Total income		8,207.37
Age allowance		2,690
Tax payable at 30% on	£5,517.37 =	1,655.2
Tax credit relief due		478.3
1985-86 tax bill		1,176.8
Tax deducted at source		1,983.8
Refund due at 30% on £2,690	—	807.0
Refund made by the inspector		328.7
Balance of refund still due		£ 478.2

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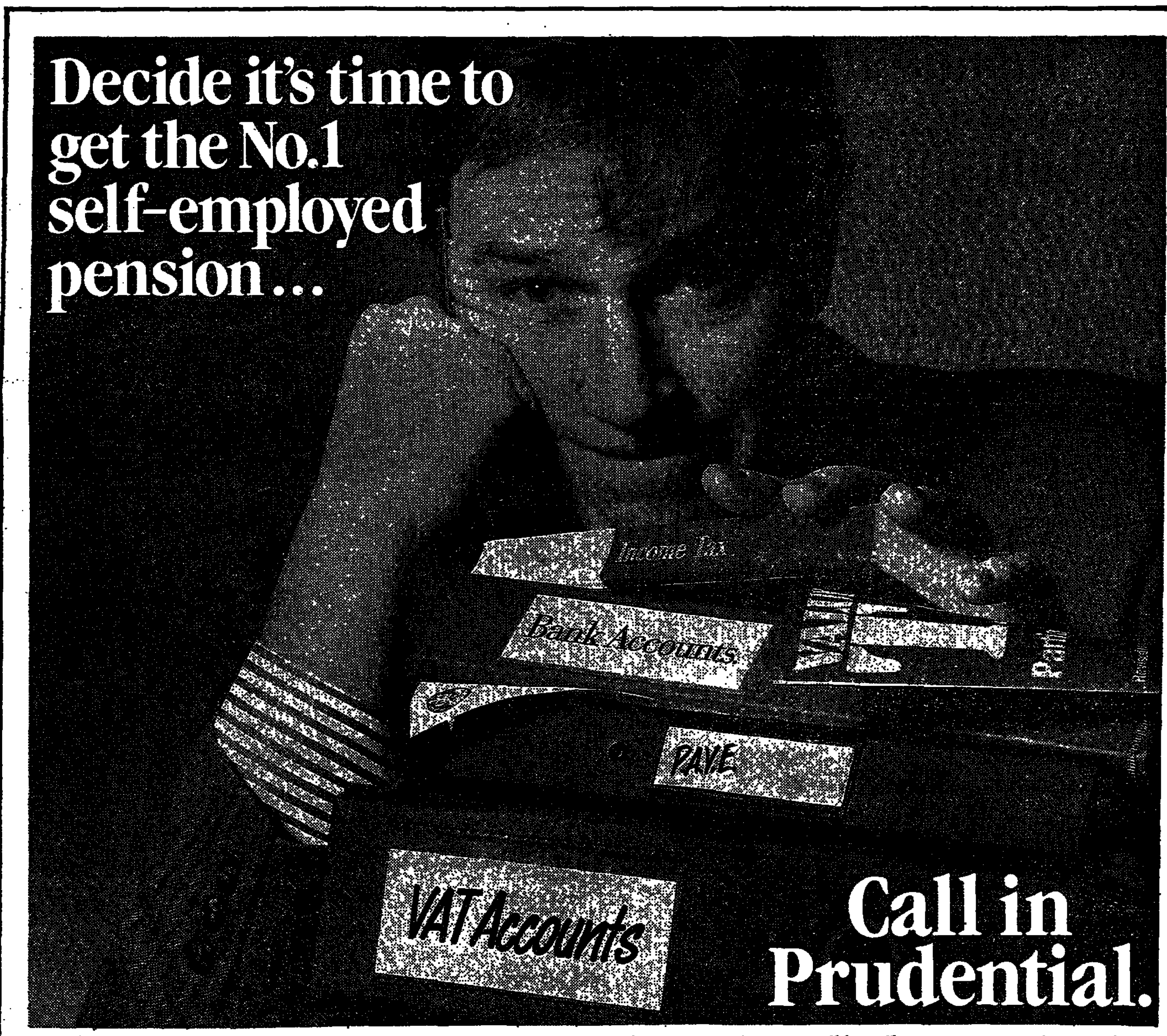

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Headlam, Sims & Coggins P.L.C.

Increased Profits

Extracts from the Statement by the Chairman, Mr Alec Coggins.

Following a better year, the results show a small increase in trading profit, but the most significant improvement is in the profit level after taxation which is £28,509 as opposed to a loss of £108,805.

	Year Ended 31/01/1986	Year Ended 31/01/1985
Group Turnover	£7,202,875	£7,718,552
Profit/(Loss) before taxation	10,448	(108,805)
Taxation	(18,061)	—
Extraordinary item	36,328	
Ordinary dividend – 0.5p per share (1985 – 1.0p)	(20,417)	(40,833)
Earnings Per Share	0.63p	NIL

DIVIDENDS
In view of the improved outlook, the payment of a dividend at the rate of 0.5p per ordinary share is being made.

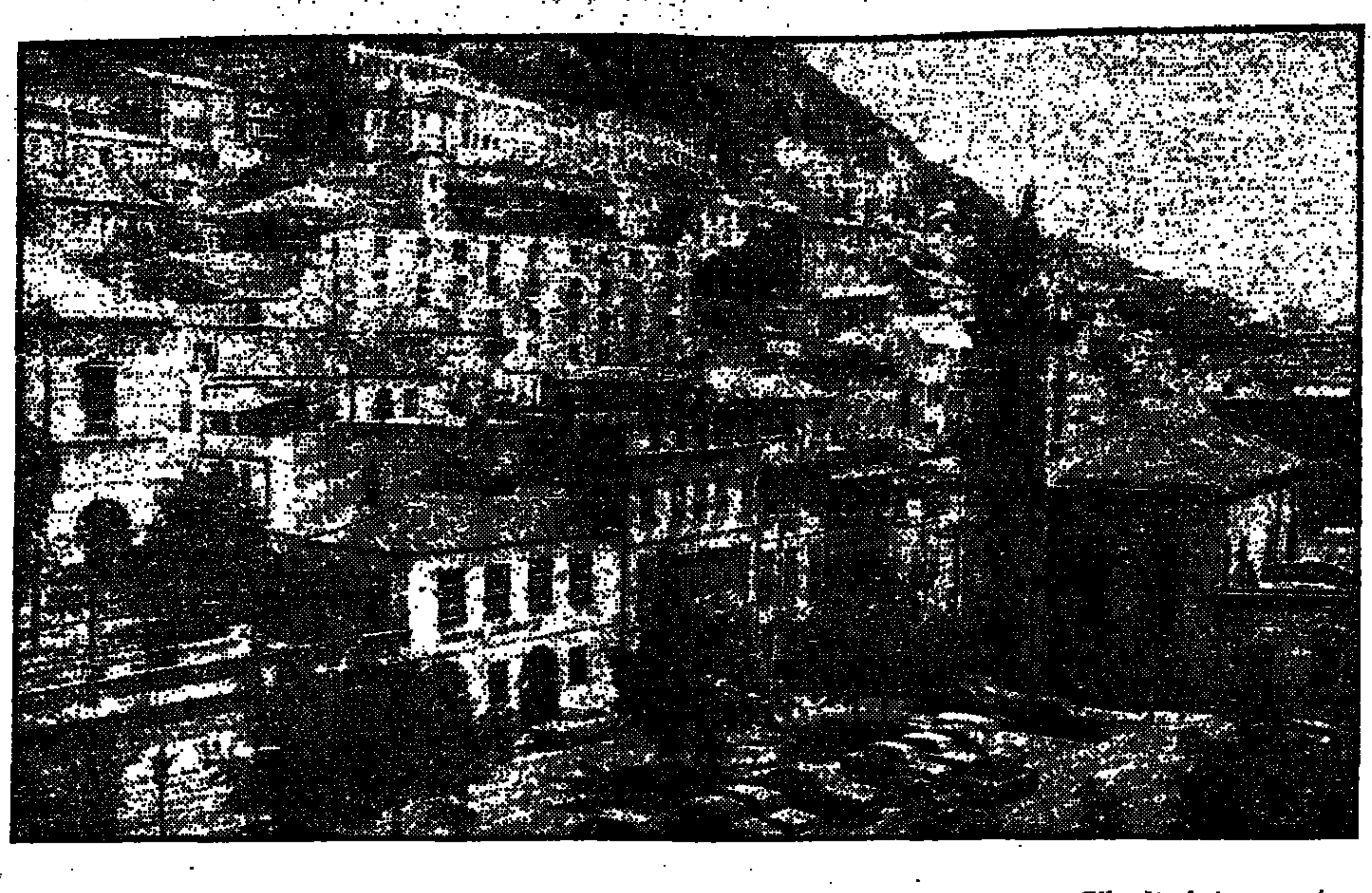
OUTLOOK
Progress has already been made in reducing the losses of Carter Pocock Ltd. and the steps taken on 1st February, 1986 are already producing results.

The major difficulties experienced after the acquisition of Carter Pocock Ltd. seem to be behind us and it is confidently expected that the Group profits can now begin to return to a satisfactory level.

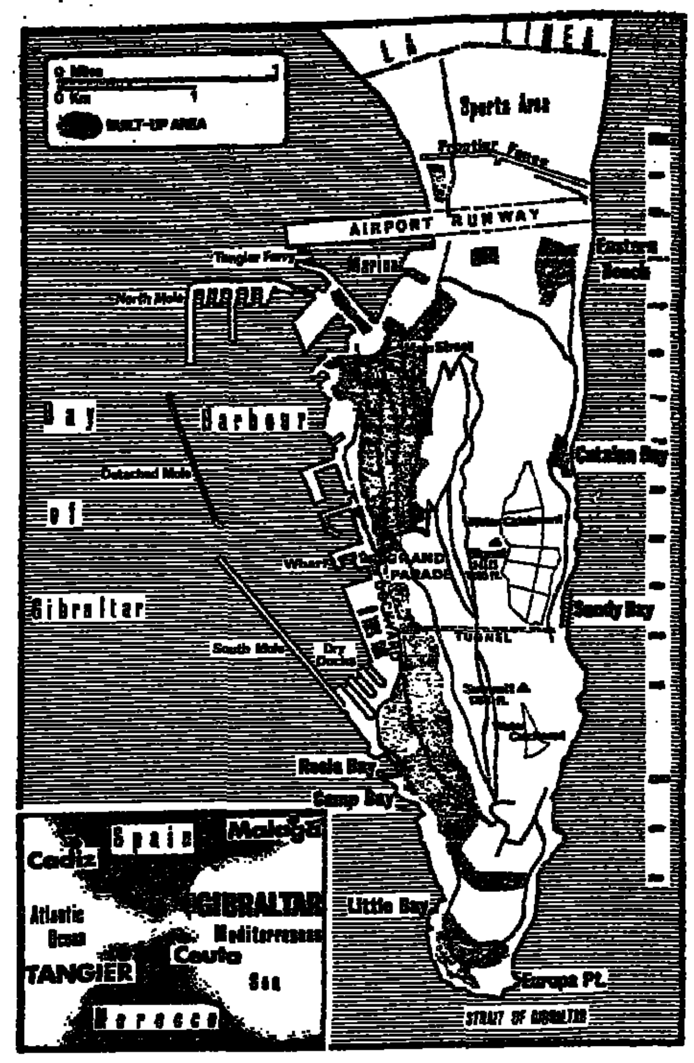
•WEEKEND FT REPORT•

GIBRALTAR

Opening of the border between Spain and Gibraltar has eroded the siege mentality of the colony and helped both sides to pull out of a prolonged recession



Gibraltar's town centre showing Governor's Parade and St Andrew's Presbyterian Church



Hopes of a boom now the barriers are down

LIKE PEOPLE emerging from a dark room into daylight, the Gibraltarians are rubbing their eyes, incredulous that their future could be promising. Though they are loth to admit it, the open frontier with Spain has ceased to be an experiment. It has become a fact of life; and rather an agreeable one at that.

The siege mentality, fostered by Spain's closure of the border from 1969 to 1982, has been eroded. To the surprise of all, an open border has not produced creeping annexation of Gibraltarians life by Spanish habits or Spanish business.

On the contrary, both Gibraltar and the neighbouring Campo area in Spain have begun to pull out from a prolonged recession as a result of the full border opening in February 1985.

The business community is reluctant to talk of a boom; yet anyone who knew *Gibraltar* during the "siege years" and who visits the Rock today can only marvel at the change both in appearances and in modes of thinking.

The mere fact that Gibraltarians can escape the claustrophobic confines of the Rock has produced the single biggest change in habits and mentality. People can now drive across to Spain just to purchase cheap fruit and vegetables.

Weekend trips to Spanish beaches are a practical proposition, instead of the old triangular journey across the straits to Tangier and then back into Spain. The wealthy have invested heavily in second homes in Spain, pushing up local property prices; and even ordinary people have caravans parked on the other side.

Having ignored Spain for so long it is little short of a cultural revolution for Gibraltarians to be confronted with road signs on the Rock pointing to Spain.

Old commercial ties have been renewed and fresh ones forged as the trade embargo, never very thoroughly enforced, has vanished. Contracts have even been placed with Spanish construction companies.

The influx of tourists has also helped to end the sense of isolation. When the border was first re-opened in December 1982 by the Socialist Government of Mr Felipe Gonzalez, only Gibraltarians and Spaniards were allowed to cross on foot.

With the full opening of the border last year the number of land visitors rose from 46,500 to 2.2m, leading inevitably to some formidable traffic problems.

"There is a completely new chemistry at work," Mr Joe Gaggero, head of the largest local business empire, the Bland Group says. Mr Gaggero talks optimistically of Gibraltar becoming the shopping centre of the Western Mediterranean.

The diplomatic basis on which these changes have occurred is the Brussels Agreement of Nov*ember 27 1984*. This was a document laboriously hammered out by the British Foreign Secretary, Sir Geoffrey Howe and his then Spanish counterpart, Mr Fernando Moran, in consultation with the Chief Minister, Sir Joshua Hassan.

The Agreement was the result of Britain and Spain realising it was in their best interests to achieve a breakthrough on the immediate issue of border restrictions and on the broader long-term question of sovereignty to the Rock *before* Spain joined the European Community in 1985.

The EEC Commission had made it clear that Spain as a Community member could not retain the border restrictions. It was seen to be in all parties' interests that these restrictions be removed in advance by mutual consent.

The key passage in the Brussels Agreement commits Britain and Spain "to establish a negotiating process aimed at overcoming all the differences between them over Gibraltar and at promoting co-operation on a mutually beneficial basis on economic, cultural, touristic, aviation, military and environmental matters."

The two sides further accepted that "the issue of sovereignty will be discussed in that process." Such explicit reference to sovereignty was an important concession by Britain.

The previous attempt to remove border restrictions failed because the issue of sovereignty to the Rock was left far too ambivalent. In the Lisbon Declaration of April 1980, the British Government insisted on only an indirect mention of Spain's claim to sovereignty, saying that Britain was willing to overcome "all the differences" with Spain.

While the wording of the Brussels Agreement is thus considerably more concrete, there are differences of interpretation. The British Government clearly wants to steer Gibraltar towards a new, harmonious and "mutually beneficial" relationship with Spain—even if in the steering there is a specific undertaking to do nothing against the express wish of the Gibraltarians.

The Spanish Government regards the Agreement as the beginning of a long process whereby at least part of its historic claim to the Rock, signed away by the Treaty of Utrecht in 1713, is satisfied.

The Gibraltarians are naturally concerned that their interests might be steamrollered by the broader interests of Anglo-Spanish relations. Sir Joshua Hassan issued a statement after the Agreement expressing his reservations over the *commitment to discuss* sovereignty.

He still retains this reservation and draws attention to that part of the Agreement in which Britain will "honour the wishes of the people of Gibraltar in the preamble of the 1969 Constitution."

Deferring to Gibraltarian sensitivities, all the emphasis so far has been on measures aimed at practical confidence building. Restrictions on civilian flights, which obliged aircraft to make difficult tight turns, have been removed. The Gibraltar Government has established a good working relationship with the regional administration in Andalucia which is now allowed a margin of initiative by Madrid in day-to-day matters concerning Gibraltar.

Customs and immigration arrangements, which only require the slightest bit of Spanish ill will to cause appalling bottlenecks, are working well.

Good faith is also being shown on two matters pressed strongly by Spain. Spaniards are able to work on the Rock (some 400 at the latest count). Back-dated pensions are also being paid to Spaniards formerly employed in Gibraltar. This involves the payment of £16.5m over three years, the cost shared by the British and Gibraltar governments.

Studies prepared on the likely impact of an open border predicted that Gibraltar would initially suffer but would reap long-term benefit. This has been proven wrong.

Certainly there has been a switch in purchasing patterns by Gibraltarians to the direct benefit of the Campo area. But this has been more than compensated for by the huge upsurge in tourism and investment on the Rock.

Some £25m worth of projects are underway and in the past year the private sector has generated 600 jobs—a significant quantity in a workforce of 11,200 split 60/40 between the public and private sector.

Increased activity is not just restricted to the duty free merchants on Main Street. Assets of the banking system have increased sharply, reflecting both increased turnover from tourism and greater use by Costa del Sol residents of Gibraltar's offshore facilities. In three years the banking systems' assets have risen from £142m to £234m.

The Chamber of Commerce plays down talk of a boom; and it is true that prosperity is not filtering throughout the economy, especially the public sector which depends upon the Gibraltar Government revenues and a thrift-conscious Ministry of Defence.

Nevertheless, Gibraltarians do not wish to give Spain the impression that they are the chief beneficiaries of an open border. Nor for that matter do they want the British Government to believe there is sufficient prosperity to merit a cut in aid.

Apart from defence spending, the bulk of direct British aid in the past three years has gone towards propping up the former naval dockyard, now in the hands of the Gibraltar Government.

The dockyard has eaten up all but £300,000 of £28m pledged in 1983. Despite a full workload, the yard has been through difficult times and all cash flow projections have been rewritten.

With an unofficial loss of £3.5m last year, and a bitter three week strike this April that led to an eight per cent wage increase, the yard seems set to be a drain on the Gibraltar exchequer. The British Government is being asked to chip in over £2m more.

Even if the fate of the dockyard dogs Gibraltar, it has ceased to be the most influential element in the economy. The economy is switching towards dependence upon services. The speed and scale on which this happens hinges in good measure upon the status of Gibraltar's airport.

Flights are at present constrained by the smallness of the runway and the absence of an air services agreement with Spain. An enlarged airport with both more international flights and new feeder routes, such as to Seville, is seen as the key to Gibraltar's future development.

Nothing, however, can be done without the agreement of the Spanish Government. Since the airport would be as much if not more for passengers with Spanish destinations the Gonzalez Government wants to allow direct access to Spain.

This raises the question of whether one or two terminals should be built. Gibraltarians are pressing for one terminal in the belief that two terminals would mean tourist revenues lost to Spain (car hire, duty free etc . . .).

Complicating the agreement are three other matters. Britain and Spain are in the process of renegotiating their air services agreement at a national level. More importantly, Spain lays claim to the airport, separate to the original claim to the Rock, arguing it was illegally built on an isthmus, never part of Gibraltar proper. Britain rejects this claim but realises Spain would like to use the airport issue as a means of pressing forward its sovereignty claim.

Finally, the airport is run by the Ministry of Defence, doubling as a British airbase. Spain still imposes restrictions on military flights; and any airport agreement would mean an arrangement between Britain and Spain over its military use.

In theory, this should not be so problematical now Spain is to remain inside the Nato alliance. But the Spanish military establishment has traditionally been the most fiercely nationalist element pressing the sovereignty issue.

"The airport is the real test of confidence building," Sir Joshua says. Negotiations should resume shortly, in the wake of the Spanish general election, and the re-election of the Gonzalez Government is seen as a positive sign.

The Spanish Socialist Party has been the one most interested in achieving a settlement over Gibraltar. The essence of progress, according to Sir Joshua, should lie in the concept of mutual benefit embodied in the Brussels Agreement. But he adds: "This is not always an easy concept to define when you have 30,000 Gibraltarians on one side and over 35m Spaniards on the other."

Sir Joshua, now approaching 71 years of age and who has held uninterrupted office since 1972, has the prestige to make concessions with Spain regarding the Rock's future. But he is always vulnerable to the opposition's exploitation of residual fears of Spain. The opposition leader, Mr Joe Bossano, is still militant in his desire to see Gibraltar linked to Britain; but his anti-Spanish tone has become a little less strident. He too is aware that the situation is not static.

The British Government has deliberately avoided creating a timetable for negotiations with Spain, either on practical aspects of co-operation or on the colony's future status. Indeed since the border fully opened there has been no mention of Gibraltar's future status, for which there are plenty of formulas. The idea is that confidence must exist first before such formulas are considered.

One practical step which the Gibraltarians are being quietly urged to accept is an agreement on electricity and water supplies from Spain. Spain can supply both infinitely cheaper and with much greater convenience. The objections are purely political. Gibraltarians do not wish to be dependent upon Spain for essential services. But this objection wears thin when Spain has consolidated its democracy and is a member of the EEC.

Sooner or later Gibraltarians will have to make a clear decision whether or not they really wish to accept closer co-operation with Spain and its consequences. Prejudice one way, commonsense the other.

Robert Graham

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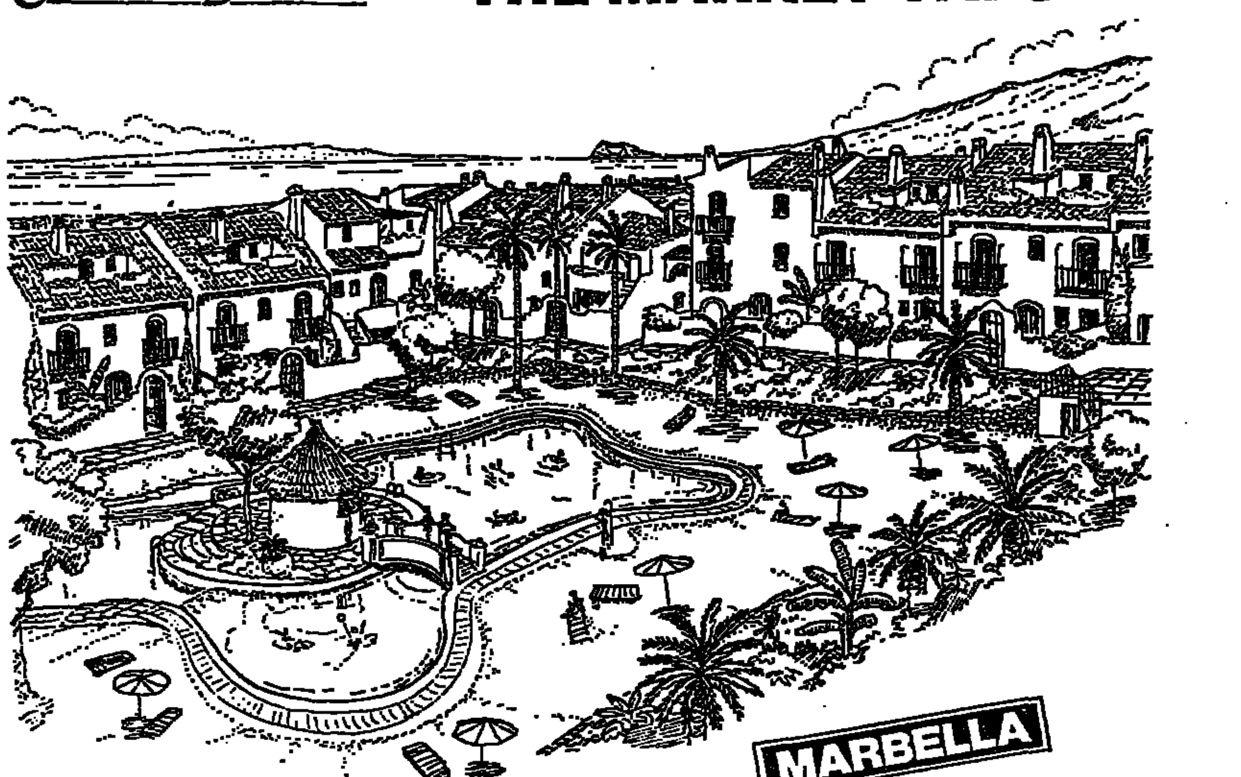

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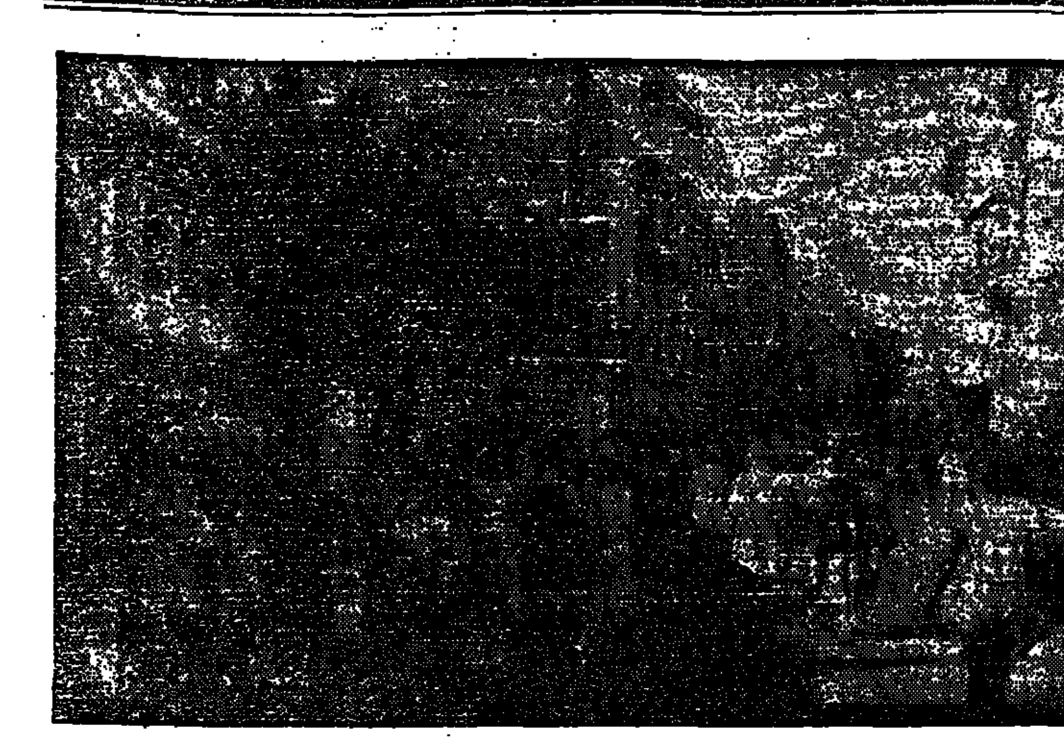

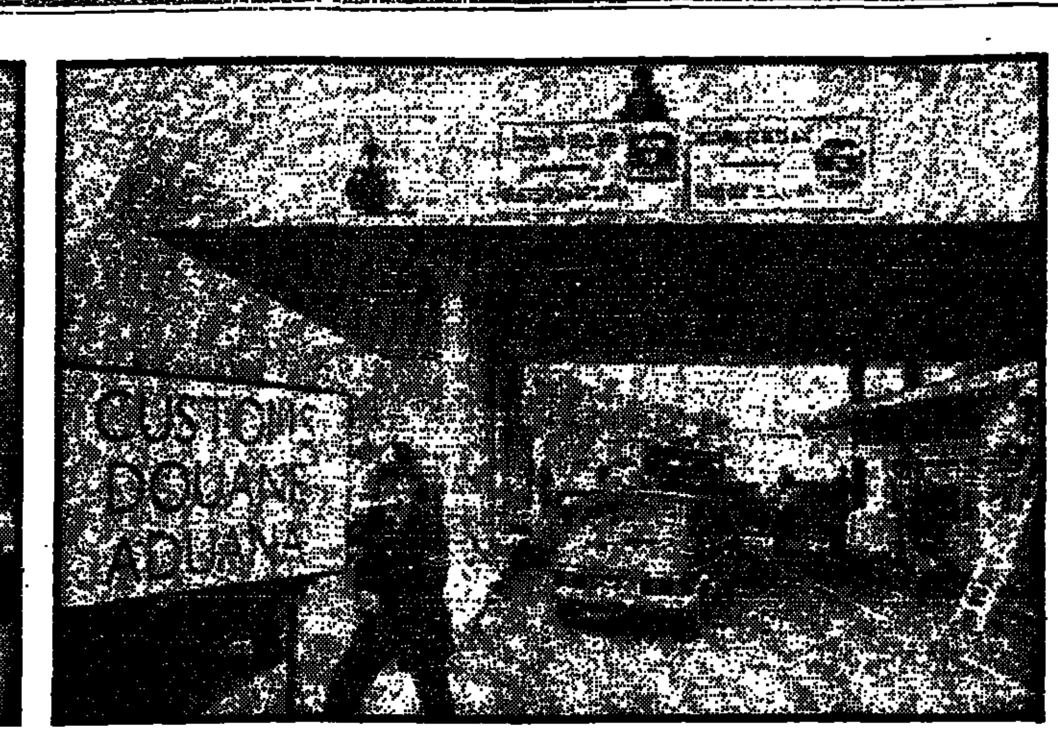

Since Spain lifted its restrictions on cross-frontier traffic shops along Main Street have flourished. Right: traffic on the border with Spain

The Economy

Tourism is the main pillar

THE scaffolding put up along Main Street tells the story of Gibraltar's mood a year and a half after the opening of the frontier with Spain. The place is getting spruced up.

Forecasts of doom, of a small British colony swamped by its vast foreign neighbour, have not been fulfilled.

"We thought the negative impact would come first and benefits would be long-term. We were all wrong," says Mr Joe Bossano, the Socialist opposition leader.

Since Spain lifted its restrictions on cross-frontier traffic in February last year, tourism and *commerce—from the hotels* serving tea in the afternoons to Main Street's Indian bazaars —have flourished.

The number of visitors quadrupled to 2.4m last year, a far cry from the "siege years" from 1969 to 1982, when, with the land frontier completely closed, only between 100,000 and 200,000 people a year went to Gibraltar. According to first-quarter figures, the number of arrivals has continued to increase this year.

Along with the tourism has come a rapid expansion in the banking, financial services and offshore company sector. Linked to the access the colony now has to the expatriate British community in southern Spain and Portugal, this has become the biggest growth area for jobs.

Gibraltar has long had a Government-sector economy symbolised by the large blue "tender box" at the entrance to the Treasury Building, under a portrait of the Queen. It has a slot in the top where applicants for public contracts are invited to place their bids.

But the private sector's contribution to the economic product, which had sunk to around 25-30 per cent, has risen to about 45 per cent. In a society created by people who came from all over the Mediterranean to make their livelihood mainly from the Royal Navy, this is something of a revolutionary change.

Only 10 years ago the UK Ministry of Defence alone accounted either directly or indirectly for about half of Gibraltar's economic activity. *Local government services took* a large share of the rest.

Now British defence activity makes up only about 30 per cent of the economy and employs a quarter of the civilian working population of around 11,000. The Navy base is still important, but the former Navy dockyard, operating since last year as a privately-managed ship-repair company under Gibraltar government ownership, and with start-up aid from the UK, is due for a fresh study and could be replanned on a *smaller* scale.

"It was thought of as the only certain development in what was then a siege economy," says Mr Brian Traynor, the Financial and Development Secretary who is one of the Whitehall nominees in the Gibraltar government and the man who signs his name on Gibraltar pound notes.

Plans were for 1,200 jobs. Now, with 800 working at the yard, the extra jobs are no longer needed. What Mr Traynor *describes as "something of* a boom" has eclipsed the depression in the state sector. Fears of unemployment have vanished.

"We did not expect the growth of jobs that took place," says Mr Bossano. Although several hundred Spaniards have taken jobs in Gibraltar since the frontier reopened, he is less alarmed than before about labour competition—especially after finding solid support from the Spanish contingent for his Transport and General Workers' Union.

The invasion by Spanish businessmen which Mr Bossano forecast has also failed to occur. He says he underestimated the barriers of bureaucracy and language, for although *Gibraltarians speak Spanish as a first* language contract tenders have to be in English: "Gibraltar is as closed with an open frontier as it was with a closed frontier."

A Spanish construction company, Dragados y Construcciones, has landed its first big contract for a residential development. Imports from Spain have risen sharply, taking second place last year for the first time.

Imports from Britain were still about five times greater, but Mr Traynor expects this ratio to change considerably this year — even without counting the shopping-bag imports by Gibraltar housewives who buy their groceries in the nearest Spanish hypermarket.

The frontier opening has worked in both directions. Disregarding the fact that they have no space to park them, Gibraltarians have rushed to buy cars (new registrations doubled last year). People who already had cars with five gears are finding out on Spanish roads *what they are for.*

Government expenditure

(£m)

Item	1983-84 actual	1984-85 revised estimate	1985-86 approved estimate
Social services	13.4	14.2	15.0
Municipal services	*8.4*	*8.6*	*9.0*
Public works	10.0	9.9	8.2
Administration	5.1	4.9	5.3
Justice, law and order	3.1	3.3	3.4
Public debt charges	4.0	4.9	5.8
Contribution to funded services	3.7	2.2	4.3
Miscellaneous	7.6*	7.4	10.5†
Total	55.3	55.6	61.5

Note—Figures have been rounded to the nearest million, therefore they do not necessarily add up to the total.

* Includes contribution of £1.5m to I. & D. Fund.

† Includes provision of £1m for 1984 pay settlement. This amount is later reallocated under the respective individual item.

Source: Government statistics.

Going the other way, dozens of buses drive into Gibraltar daily. The Bland shipping and travel group has demolished its ship-repair yards to make way for a supermarket just inside the frontier by the airstrip. Partner with British Airways in GB Airways, it is anxiously waiting for the opening of connections with Madrid, Seville and Lisbon to increase the tourist flow.

"We have to get back into the mainstream," says Bland chairman Mr Joe Gaggero.

Mr Horace Zammitt, the Minister of Tourism, sees it as "an industry we can do something about" and potentially the main pillar of the economy. Harking back to Gibraltar's old slogan of "gateway to two continents," the authorities aim to sell the idea of including the Rock in two-centre or three-centre holiday packages.

Gibraltar cannot compete with the Costa del Sol. It has only 1,800 hotel beds and Government policy is not to increase the number beyond about 5,000. Its share of sunshine is often reduced by its typical "levanter" cloud while its hotel prices are affected by UK-level wages.

But it can offer security, *historical* interest and its own quaint kind of Britishness. Most of the hotel custom remains British. Fewer Spaniards come to stay than had been expected and hopes for US business have been set back by the shortage of US tourists in Europe as a whole.

Everyone is concentrating on moving up-market. Some Navy installations are due to be cleared next year to make way for a £37m hotel, club and villa development planned by Taylor Woodrow. UK and Arab interests have been contemplating an even more ambitious project on the eastern side of the Rock—a hotel, casino and marina on reclaimed land, involving an investment of some £100m.

Low-duty shops are starting to follow the trend by stocking up with more sophisticated articles.

"I'm very excited," says Mr Solomon Seruya, showing off the lighting effect in his refitted perfume store on Main Street. "There's nothing like this in Bond Street or the Rue Saint-Honoré."

Mr Seruya, who heads the Chamber of Commerce, wants to see Gibraltar become "the shopping centre of the Western Mediterranean."

Business ambitions have caused some disquiet, however. Will Gibraltar become a refuge for wealthy outsiders, with property becoming so expensive that the Gibraltarians themselves will be forced to seek accommodation in Spain, as hundreds have already done in recent months?

Mr Bossano, for one, is determined to stop this happening and is *worried* about the new emphasis in the Rock's economy.

"Since the frontier reopened our worst fears have not materialised but the propagandists' expectations of the boom have not materialised either," he says.

Can tourism and the new service trades keep Gibraltar afloat? The government thinks they can—"provided the growth continues," says Mr Traynor.

David White
Madrid Correspondent

Offshore Banking

Firm base for expansion

GREATER CONFIDENCE and increased interest in Gibraltar's role as a finance centre has *come in tandem with the* improvement in relations with Spain which flowed from the lifting of the Spanish restrictions on the Rock and the opening of the land frontier 18 months ago.

The return to normality has *generated greater activity* for two main reasons: in the first place, the thousands of expatriates along Spain's Costa del Sol provide Gibraltar with a ready-made market on its very doorstep; and secondly, international institutions are taking a closer look at what Gibraltar has to offer now that the political harangue has subsided.

Gibraltar's brass-plate legislation finds its roots in the 1960s, but because progress has been slow, the Rock has been overtaken even by late-starters. There are still under 2,000 companies benefiting from tax-exempt status. By comparison with others, Gibraltar is still small fry. It is like Jersey in its early days.

Under the offshore legislation, *companies can enjoy* tax and estate duty concessions upon the payment of an annual flat fee of £200 or £225, depending on whether the company is resident or non-resident. There is no capital transfer tax. The Government is also eager to *attract* offshore banks of international repute.

Domestic banking is another matter. Throughout the years of blockade the Government was naturally reluctant to allow more banking activity in a receding economy for fear that, in general terms, the net result would be the sharing of the same cake by more banks. Now, a new strategy is evolving and as many as six new banks from the United States, Scandinavia, Switzerland and Spain are certain to be allowed to set up in business. They are expected to be "phased in," to quote a Government official.

Lloyds is the first of the big British banks to open up in Gibraltar since the 19th century. Hambros has also been awarded a domestic licence, whilst the Bank of Commerce and Credit and the United Bank of Gibraltar were able to move into the local scene by acquiring already established banks.

For the first time, Spanish banks are also on the cards to open offices next year. They do not wish to miss the opportunities arising from increased business between Spain and the Rock.

Barclays, with three branches, maintains the biggest presence in the banking scene, where the Dutch Algemene Bank, the French Banque de Indosuez and the locally-owned Galliano's, complete the "high street" banking picture.

"Slowly we are getting an international presence," says Brian Traynor, Financial Secretary. "But we are anxious to *preserve* our good reputation as a solid, respectable finance centre."

Leading UK building societies are awaiting changes to British legislation that will allow them to set up on the Rock, after conforming with local legislation. This is seen as a new growth area. The authorities are not too keen in allowing building societies to set up as banks, solely to take deposits—they want the societies to lend as well, in this way participating in the growing mortgage business that is developing.

"We do not want to see the siphoning off of local cash," says an official.

There is continuing interest from insurance companies wanting to establish themselves here with an eye on the international reinsurance market. Antiquated assurance legislation has been found to be inadequate to cope with the developing situation and new legislation is to be introduced.

Professional people hope that it will contain provisions to *enable Gibraltar to retain and* indeed expand its captive and offshore assurance business. An insurance expert said that banking supervision had attracted more banks and he saw a similar response to the introduction of greater insurance supervision.

Professionals in the finance centre sector would certainly like to see the Government responding more quickly to the changing situation, making whatever changes are necessary to out-dated legislation, to ensure that the Rock is not hampered in surging forward with greater impetus now that the opportunities are there.

Given Gibraltar's shortage of *land, and the pressure on office* space, the offshore business is potentially the best avenue to follow in search of the long-term development of the economy. This is a high-cost structure economy, with pressure on the labour market, and high municipal charges, rents and rates.

Like the fish and chips sold on the Rock, this is a truly British finance centre in continental Europe.

The Governor, as the British Government's representative, is responsible under the constitution for Gibraltar's economic and financial stability. Its professional people, such as lawyers, bankers and accountants, are largely UK-trained and operate under a legal system based on English common law. Company law is based almost *entirely on the Companies Act* 1929 in England.

The only grey clouds threatening the clear skies of this *finance centre are descending* from Brussels, where EEC directives are churned out for compliance by all, whether big or small.

The British Government has not been prepared to negotiate a special status for Gibraltar within the EEC and, as such, the optimism that permeates finance centre professionals is at the same time engulfed in the uncertainty and confusion emanating from the EEC's particular perception of finance centre activities in a Community context.

One point of consolation for Gibraltar is that Luxembourg has not been impeded in developing a financial services base.

"If Luxembourg can do it, why can't we?"—that is the cry from this chunk of 2¼ square *miles of European rock at the* entrance to the Mediterranean.

Joe Garcia

Commercial banks' assets

(Values in £m)

	Cash	Balance due by other banks	Loans and advances	Investments	Other assets	Total assets
1980	0.9	59.9	28.5	7.8	12.6	109.7
1981	1.1	59.4	35.2	9.0	18.7	123.4
1982	1.7	78.0	34.3	10.6	17.5	142.1
1983	1.6	96.3	42.5	11.4	10.1	162.0
1984	2.1	143.9	35.2	11.3	11.0	203.4
1985	1.9	153.5	46.2	12.6	10.7	224.2

Note:
(1) Figures are as December 31 of each year. Figures have been rounded up to the nearest million, therefore totals do not necessarily add up.
(2) Figures for 1985 are as at September.

Source: Government statistics.

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The Gibraltarians

In search of an identity

MR JOE BOSSANO, the opposition leader in the Gibraltar Assembly and the local head of the Transport and General Workers Union, happened to be speaking English when he neatly summed up a dilemma: "When I speak in English everyone knows I am not English and when I speak in Spanish nobody knows I am not a Spaniard."

Had he been speaking in Spanish, which he speaks with the same fluency as he does English, most Spaniards would, noting his accent, have taken him to be a native of Andalucia. Only those Spaniards who live in Spain's southern region would have known by his speech that he is a "Llanito"—a Gibraltarian.

It is Mr Bossano, whose forebears on the Rock were a mix of Mediterranean cultures, who speaks only, half in jest, of the Gibraltarian as being "an endangered species." He, and others, fear an absorbtion by Spain by a process of "osmosis"—a buzz word among those who have thought through the long-term future for the colony.

The Gibraltarian has viewed Spain with suspicion for the past 250 years. The "Llanito" heroes are the engineers and artillery men who ensured resistance against Spanish sieges. Certainly the best view of Spain from Gilbraltar is down the barrel of a gun, from an emplacement in the galleries hewn, high above ground, into the Rock.

What Mr Bossano really fears is that "osmosis" is actively encouraged by a British Government that would be perfectly happy to have Spain "win the minds and hearts of the Gibraltarians" and thus be freed of the "Gibraltar problem."

Earlier this year the identity problem was forcefully put across in a television documentary co-produced by the Gibraltar Broadcasting Corporation and by an independent production company which was called The Rock of Ages. Its premiere at an invitation-only screening caused something of a sensation for the film had the local population asking bluntly and aloud "who exactly are we, we Gibraltarians, clinging like limpets to a rock."

A first time visitor to the Rock, from Madrid or from London, is immediately struck by what can only be described as an extraordinary cultural muddle. The inevitable first

Sir Joshua Hassan, Chief Minister of Gibraltar and (right) Mr Joe Bossano, opposition leader. Left: the familiar uniform of a policeman but the language is unfamiliar

Visitor arrivals

	By air	By sea	By land	Total
1981	47,528	84,845	—	132,373
1980	51,035	102,721	—	153,756
1982	46,180	81,063	46,595*	173,838
1983	45,565	93,456	643,609	782,630
1984	47,813	80,654	477,571	606,038
1985	73,664	77,703	2,260,039+	2,411,406

Notes:
* Land frontier with Spain opened on December 15 1982 for pedestrians only and on a restricted basis.
\+ Normalisation at the land frontier with effect from February 5 1985.

Source: Immigration Office

surprise is that the "bobby" at the custom's post may look like Dixon of Dock Green but he is almost certainly speaking Spanish—or Andaluz in the Madrileño's perception.

If a Londoner is struck by the "Spanishness" of an unhurried life-style the Madrileño is amazed by the spit and polished gleam on the boots of the battalion in residence. There is southern European litter on the streets and people speak, in Spanish at the top of their heads but what is old is truly Empire and out of Midshipman Hornblower.

The Trafalgar cemetery is a mini-version as the old one at Highgate for it as just as overgrown and evocative. There are October 1804 graves of men who died of "malignant fevers" and others of those who died from wounds suffered during Nelson's victory a year later.

One, 1810, gravestone informs the visitor that there lie buried two lieutenants who were killed by the same shot and who were "the brightest ornaments of their corps."

The Governor lives in a building called the Convent because it was one until Britain took the place over in 1713 and the pub across the road is suitably called The Angry Friar. They serve English beer but there are no licensing hours. Day-long drinking won't surprise the Madrileño but he will find it odd that the olive oil sold in the Gib supermarket comes from Italy and that mineral water is imported from Sweden.

Nobody could fail to be impressed by an example of Kiplingesque guard room graffiti that may well date from the Spanish war of succession and which is now written up on a plaque by one of the huge gates of the old walled town: "God and the soldier all men adore
In time of trouble and no more.
For when war is over and all thing righted
God is neglected and the old soldier slighted."

At the boys' comprehensive which is close to the airport and the border with Spain, there is more usual graffiti: "Manchester United. The first British team to win the European Cup." Someone in the know had scribbled underneath: "No, Liverpool." The oddity is that the boys are as familiar, or more, with the players of Real Madrid.

The children in Gibraltar are taught an English syllabus in English but they speak Spanish at home, which enables them all to pass O-level Spanish. With the border closed through the lifetime of present-day teenagers, they scarcely know that Spain exists beyond its football teams.

The school library has virtually no Spanish books and camping outings are arranged in Morocco. The school is beginning to arrange sporting events in Spain which, as one teacher put it, are "pretty much international fixtures."

The students in Gibraltar learn about the Wars of the Roses in a land that few have visited but are ignorant about the Islamic waves that crossed into Spain, via the Rock, in the eighth century, starting with one Tarik Ibn Ziyad who earned immortality of a sort, for Gibraltar is derived from Dajabal Tarik, Tarik's mountain.

Learning, just as much as living, in Gibraltar is somewhat like existing in a vacuum. There are a handful of scions of wealthy Gibraltarians who are educated at Catholic public schools in England and undoubtedly integrate perfectly in the upper echelons of British society, but should those who are not wealthy arrive in England from the Rock looking for a job they could find it as hostile as could an immigrant from Cyprus, Malta or Spain itself.

Across the border in the Spanish hinterland there is far less agitation about identity problems and "osmosis." Antonin Diaz Lara, the Mayor of La Linea, is a bearded young Socialist who almost feels sorry for the Gibraltarians. "When they come over here they are always asking the price of everything. There was a time when they would get to a bar and order platefuls of mariscos (shellfish) before they even sat down," was one comment about his neighbours on the Rock.

In San Roque, a bit further back from La Linea and once a new town built by the Spaniards on the Rock fleeing the British invaders, Mayor Eduardo Gil Lopez adopts the same patronising tone. "Once we had an inferiority complex about the 'Llanitos' but not any more. The girls when they come over look very old-fashioned. You can tell where they come from by their hair-styles."

San Roque is in an upbeat mood about the future. There are plans for big tourist and leisure investment as the Costa del Sol expands all the way down from Estepona to the Bay of Algeciras. The Gibraltarian may have the 1st Battalion of the Queen's Regiment but San Roque has Mr Tony Jacklin himself designing golf courses in the municipality in co-operation with Mr Seve Ballesteros.

Mr Bossano and others, clinging like limpets to the Rock, are all too aware that Spain in general, and the Spain that immediately surrounds them in particular, has boomed while Gibraltar stood still as a somewhat run-down shopping emporium jutting out into the Straits.

The TGWU leader, certainly the most eloquent exponent of the identity crisis, was struck by how Spain had changed when he motored across it last year to visit Madrid for the first time in 20 years. "Spain is so big," he said then, "why should it bother about something so small as Gibraltar."

He found Madrid to be "rather like London" and there was a degree of culture shock because his hotel in Madrid was alongside a top-less bar whereas "Playboy" and other girlie magazines are not sold on the Rock.

Tom Burns

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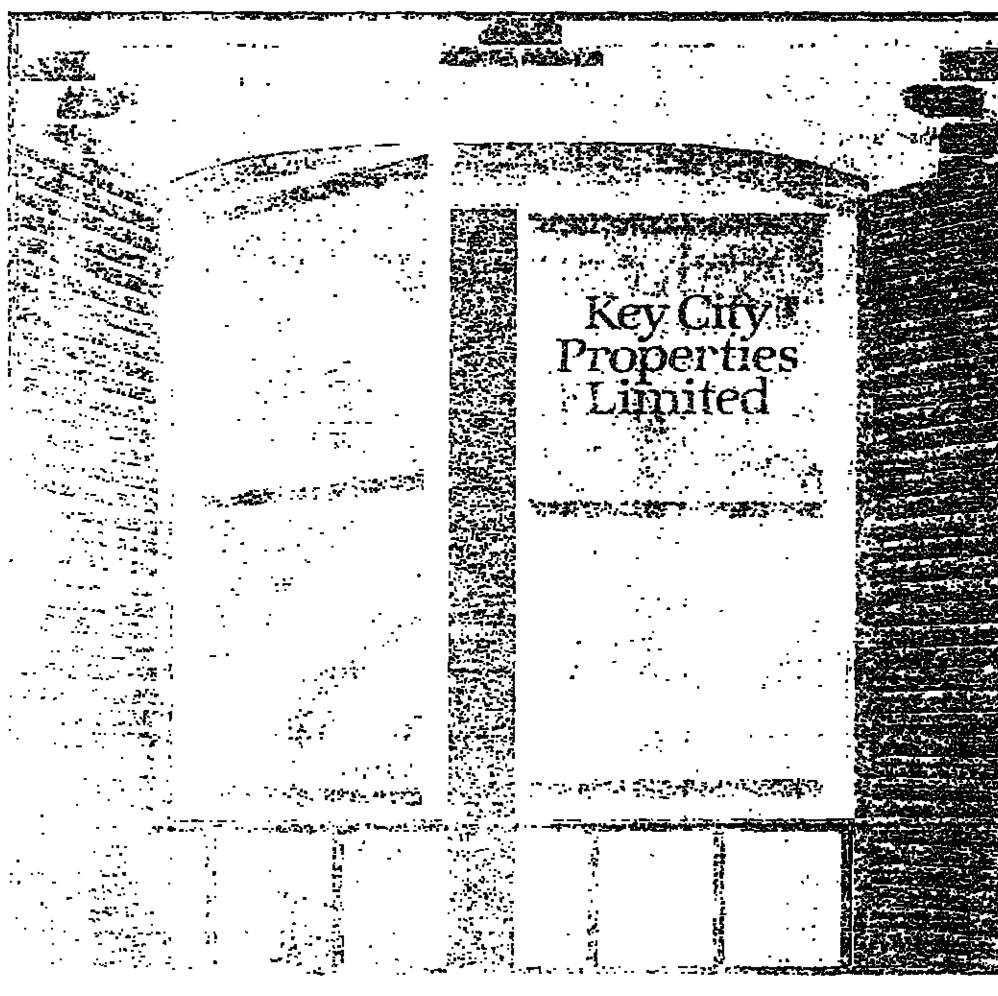

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Gibrepair

A painful transformation

THE GIBRALTAR experience in transforming a deeply-rooted naval dockyard into a commercial ship-repair yard fending for itself in a highly competitive market-place has been painful and costly. It unleashed social and political tensions and exposed the attendant commercial risks and the inevitable labour problems.

For the British Government, it removed a continuing cash commitment to its last overseas dockyard; for Gibraltar, it is an enterprise that must be made to work.

With the climate of industrial relations deteriorating, the yard's managers A & P Appledore put a pointed question to its 730 employees: "Does Gibraltar want a shiprepair yard or not?"

This was in January, just a year after the new, flamboyant yard had opened its gates. The company argument was that customer confidence was starting to be destroyed and that the UK's Overseas Development Administration was hesitating about making further payments under the £28m grant, which Britain made available to the Gibraltar Government for the reconversion programme.

If the scenario looked grim at the beginning of the year, the question that was being asked as recently as May was if the yard would re-open after having been plunged into the longest strike in Gibraltar since the one-week general strike in 1972.

"Workers occupied offices and ousted management, and took control of the yard which closed for three weeks," says union leader Joe Bossano of the local branch of the TGWU, the Rock's biggest and most powerful union by far.

In the town's square, police stopped an attempt by demonstrators to burn an effigy of the young managing director of Gibrepair.

Management style was abrasive and outspoken, as if the brief was to wallop the unions into realising that the work practices ingrained after 80 years of naval operations had to be swiftly replaced by the needs of commercialisation. Both the number of ships handled, at 200, and the turnover, at £7m, were well above the original projections. Yet the first year's operating loss was £3.6m, described as "high" by the company and as "horrendous" by Mr Bossano.

With ship-repairing on the rocks, a new managing director was appointed in the shape of Torsten Andersson, 60, an experienced Swedish ship-repairer, who quickly struck a deal with the unions which included pay rises ranging from 8½ to 10½ per cent and other benefits.

Blackleg subcontractors, who had sparked off the strike during a union overtime ban, will

The former HM Dockyard now being transformed into a commercial ship repair yard

Thus, the tables have been turned, from a position where management was advocating a wage freeze and warning openly that the yard could close down, to one where the unions have got what they wanted. It comes at a time when British aid is coming to an end and when the company's future will have to be self-financing.

For the workforce, there is now a new face and a new approach at Gibrepair. The atmosphere has been dramatically transformed, and Mr Bossano himself expects the yard to perform better "because people are going to be happier and work better."

Such an improvement will help reduce the losses, but it is only part of the problem. Gibrepair is "in a very precarious situation and must pay highly-unionised rates," says Mr Bossano. It has to compete in a free market.

Gibraltar is a southern European locale with pay rates linked to northern European levels.

"We have the highest-paid labour force in the Mediterranean," says Mr Bossano, with a twinkle in his eye. His answer for Gibrepair is that it should not go for volume, but for value, if it wants to become a viable proposition. It should also concentrate on emergency work and on less labour-intensive tasks.

In arguing that the union is not being unreasonable, he considers that the work practices and flexibility accepted in [illegible] rigid trade demarcations.

His view is reinforced by having recently taken part in a TGWU campaign in Britain against the privatisation of the naval dockyards at Devonport and Rosyth.

For most people, the future of the yard is being pinned on the experience and expertise of Mr Andersson. He built up the Lisnave yard in Lisbon as its first managing director in the 1960s, and more recently, scored renewed successes at the Dubai Drydocks.

He does not, however, underestimate the problems ahead, such as over-capacity in the shiprepair world and the task of regaining the confidence of lost customers due to the strike "when no one won" and Gibrepair lost £300,000.

He describes as "money absolutely vital," the £2.4m pending in British aid. The docks, however, occupy the best strategic location between here and Singapore. The Royal Navy realised this a long time ago, he says.

Indeed, the closure of H.M. Dockyard at Gibraltar was not only of economic consequence but symbolic of a waning British presence. Certainly, there had been serious doubts over a number of years about the long-term life of the naval dockyard which would have required substantial capital investment particularly to cope with new weapon systems and other modern technology for refit work which could otherwise be carried out in the remaining [illegible] Gibraltar Government, which remains unpublished, had this to say: "Using customary standards of rate of return on investment or the cost per job created, commercialisation may appear an expensive option. It would offer, however, the real prospect of reducing the eventual burden on the UK taxpayer, while providing Gibraltar with an opportunity for a major diversification of its economy."

Joe Garcia

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Kiwis woo the world

Stewart Dalby on New Zealand's burgeoning tourist industry.

THE propeller-driven De Havilland Dash-7 aircraft banked down through the clouds and looked for a moment as if it would fly straight into the snowy mountains of New Zealand's South Island. A air hostess interrupted my reverie and asked if I wanted them to radio down for a taxi at Queenstown airport. How civilised, I thought.

On the ground was Frank, fortyish, deeply tanned and with lots of yellow hair. He shakes my hand, guides me to his vintage Cadillac, and starts his patter. Would I like to see the old gold mining town? It would cost me NZ$40 (£16) for a tour. Would I like to drive down to Dunedin, the nearest big town? That would be $60. Or perhaps I would like to fly over Milford Sound; a friend of his had a helicopter. That would be only $90.

What was this? I had understood that New Zealand did not have a tourist industry. Yet here I was being hassled as if I was back in Los Angeles. I half expected him to ask me if I wanted to meet his sister or, worse, instruct me to have a nice day.

Once it was only the adventurous, or those visiting relatives, who went to New Zealand for a holiday. In the early part of this decade there were less than a quarter of a million visitors to the country.

Now the government, worried about the dwindling markets for its traditional agricultural products, has decided that tourism could provide a way for the country to make its living in the world.

Queenstown right down the south of the South Island is the centrepiece of the government's plans. The little town with a population of just 4,000 is spectacularly set on the banks of Lake Wakatipu. On one side is the Remarkables mountain range, rising to over 7,000 feet. Just a glimpse of these peaks is enough to lift a depression. Across the lake are the Thomson mountains and stretching away behind them the Livingstone mountains.

The charm of Queenstown, apart from its physical attractions, is that it is an all year round resort. In the New Zealand winter, from the end of May to the beginning of September, Queenstown is a premier skiing resort. There are runs on Coronet Peak and, from this year, on the Remarkables.

In the summer there is the lake, offering waterskiing, boat trips and dry, wet and troll fishing. It is relatively cheap to go trolling and great fun. I went out for an entire morning, costing $80, and caught three small trout. The sale of trout is forbidden in New Zealand so I gave mine to the hotel and ate one myself. For the real aficionados, there is dry fly fishing up on the short unnavigable rivers in the mountains. There are also many trips to take by helicopter, by sea plane, and by ordinary small aircraft, costing between $80 and $200 depending on your destination. Highly recommended is the trip over Milford Sound, a deep fiord on the west coast.

Queenstown, with the Remarkables in the background: an all-year resort and focus of new industry.

Because of its dual identity, Queenstown looks like a cross between a Swiss alpine village and a New England fishing town. The boats bob along the key outside the Travelodge Hotel and the sea planes swoop like gannets against the wooded foothills at the base of the mountains.

The little town is full of ski shops, fishing shops and so, far, few hamburger joints. There are two good first class restaurants and you do not have to have lamb. I had oysters which are very cheap, by British standards, and venison. New Zealand imports very little foreign wine, but the local varieties, particularly the whites are good.

Because the emphasis on tourism is so new there have been difficulties. There are not enough hotels. The 80-room Travelodge is full all year round, as are the two other first class hotels. A new hotel, the Terraces, was opened earlier this year and three others are planned.

These will be dwarfed, however, by the $596m Walter Peak resort plan. Mr Mike Moore, the Minister for Tourism, announced this scheme earlier this month amidst great excitement. It is the biggest single development proposed by the private sector for New Zealand and will be completed in 10 to 15 years.

The first stage will comprise 96 and 140 chalets, followed by a 300-room hotel. There will also be a $7m golf course designed by Arnold Palmer's company.

The development, aimed at the top end of the American market, will clearly ease the hotel bottlenecks as well as increase the number of tourists. Currently 675,000 tourists visit New Zealand annually. The figure is expected to rise to 900,000 by 1990. With Americans frightened away from Europe, this figure could easily be surpassed.

But there are other problems. New Zealand is a long way from anywhere and travel can also be arduous when you get there. Most flights from the West Coast of the US fly into Auckland. It is then a hedge-hopping exercise down to Wellington and Christchurch. Finally you are shuttled in a little Newmans Airlines or Mt Cook airlines turbo-prop plane for the last leg to Queenstown's little airport.

Mr Moore believes that luring the big airlines into Christchurch is his major problem. Qantas offers limited flights, as does Continental Airlines of the US and, more recently, Canadian Pacific. But Mr Moore admits he wants to get Japan Airlines, and possibly some Far East airlines like Garuda from Indonesia, into Christchurch more frequently.

Apart from access there are doubts about what Mr Moore rather euphemistically calls, the "uneven service" in New Zealand. Because there has never been a tourist industry as such, there is little tradition of working in service.

I was met, however, by nothing other than courtesy in the hotel and restaurants, although shop assistants were a little stiff. College crash courses in catering and hotel management have been launched to cater for the growing need in New Zealand's new tourist industry. For the moment, though, some groups have trouble getting enough trained staff.

The ring of fire

THE FILM *Lost Horizon*, in which the inhabitants of an idyllic land of everlasting youth dramatically age when they cross the city limits, came to mind as I walked into a village perched on the slopes of Mt Bromo in East Java.

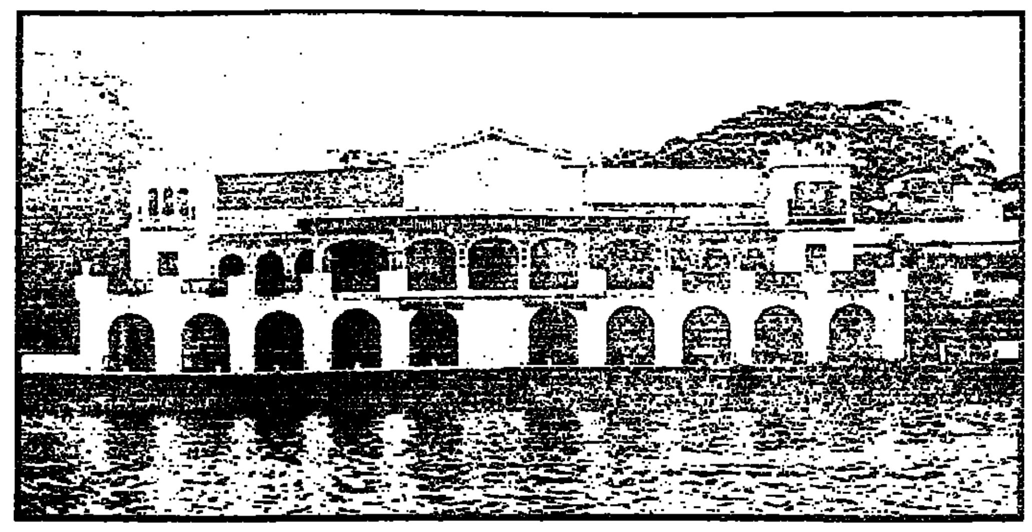
Below was the hot, fetid plain, pestilential and polluted. Here were apple orchards, red cheeked Tibetan-looking people—and the smell of bad eggs. Bromo is one of Indonesia's most famous volcanoes. Standing on the rim of one of its three craters, looking down into the bubbling lava lake into which, not so long ago, young children were pitched as sacrifices to appease the gods, the sulphurous air almost causes asphyxiation.

The view and atmosphere are poised between a walk on the moon and a trip to Hades. Swirls of fine grey volcanic dust whip across the landscape, getting in your eyes and every other orifice: before the sun comes up, the stars seems very close. At more than 2,200 metres above sea level it is bitterly cold, even here on the equator. Throughout the Indonesian archipelago, which early explorers aptly named " the ring of fire," there are more than 400 volcanoes. On Java, an island not much bigger than England, there are 121 volcanoes, some of them still very active. There are about 10 major eruptions each year in Indonesia and three minor earthquakes each day.

Bromo is in fact three volcanoes set inside each other, with a main " mother " crater more than five miles across. I stood on the rim to watch the blood red sun come up over the strange grey desert below. In the distance another volcano suddenly belched up flaming red mounds of rock as if the earth was poking its tongue at the sky.

According to Indonesian animistic belief, volcanoes are the home of the spirits and gods, areas full of mystery, a sacred kingdom half way between the human world and the world of the dead. The country's president, Mr Suharto, has built himself a lavish mausoleum on the slopes of one of Java's most sacred volcanoes. Each year the people who live around Bromo, sharing a mixture of Hindu, Buddhist and animistic faiths, gather on the rim of one of its craters and stand swaying together through the night, chanting and occasionally tossing buffalo and live chickens into the lava.

Kieran Cooke



Malacanang Palace: once the Marcos riverside home, now a tourist attraction.

Manila's many faces

LIKE IT or not, the Marcos phenomenon is today the Philippines' biggest tourist attraction. As the country's new government is just beginning to realise, 20 years of misrule is difficult to throw off. Even the monsoon rains failed to wash away the Marcos campaign posters, a reminder to everyone of last February's so-called "snap" election.

With characteristic good humour, the locals of one street in the capital, Manila, have covered up these posters with a large advertisement for "an accounting refresher course." But the new authorities are moving fast, refurbishing the former president's 30-odd homes divided, as one official put it, into "his" and "hers", Ferdinand's and Imelda's. Malacanang is the biggest attraction, a monster of a building, all done out in coconut and mahogony. It remains heavily guarded and is temporarily closed to the public, while inside teams of shoe-shines prepare Imelda's 3,000 Gucci shoes, and the rest of her armoury is laid out for display.

Entering this windowless palace you half expect to hear the voice of Miss Havisham, Dickens' shadowy creation in Great Expectations. Inside, everything is as the Marcos family left it. Even a note of the Mayor of Los Angeles' telephone number still sits on the glass desk of the former president. Whether out of genuine curiosity, or for the purpose of moral instruction, the Marcos story looks set to run and run.

But there is more to these tropical islands than the diamond rosaries of Mrs Imelda Marcos and her husband's collection of after-shave. From a room in Makati, the business centre where the city's best hotels are located, the view must look little different to Tokyo, Singapore or Hong Kong. From here, who would believe the Philippines is the Latin heart of Asia?

Shaking off more than 300 years of Spanish rule has been no easy task. Spanish Catholic rule dominates this island state. Churches dot the landscape from the modern concrete, looking much like an exotic fruit, to the so-called "earthquake Baroque," a style the Spanish brought with them from Mexico. One note of warning, earthquake rumblings are not totally unknown today.

In the more recent past the Americans have added to the country's already hybrid culture. In the bars of Manila and as far afield as the old pirate port of Zamboanga, you can hear 1930s bebop or the gentle sound of country-and-western. It's a colourful US legacy of jeans and T-shirts. At first sight the whole nation appears en route for the beach, in the Jeepney, a converted Willy's Jeep, today the island's most popular form of transport.

By the businessman's usual criteria, the Philippines is nothing more than a weekend stopover, perhaps a day away from engagements in the region's other commercial centres. For him it is enough that the "Royal," the local tonic water, stays fizzy for a second gin and the local matches strike without breaking. Perhaps also the legendary beauty of the Filippino women is some enticement.

But a trip beyond the bar of his hotel might change that view. Still in Manila, there is the enchanting "strip" running along the port side. Here you look out on the ocean, towards the islands where huge ships pass like a child's cut-out figures.

For the real adventurer, low-life Manila offers even more. Have a shirt made "while you wait." or gamble and lose a fortune playing Mah Jong.

Gambling, a taste introduced by the Chinese, is an important part of daily Filippino life. Cock fighting is one of the most popular forms. Up country, the Mindaue Royal has the same appeal as the Everton-Liverpool derby. Here in a corrugated iron coliseum, in a torrid smoke-filled atmosphere, thousands of pounds change hands. "The referee's decision is final," it reads high above the sand-strewn pit where the two cocks fight to the death.

But before that, the runners must be seen in the paddock; here the owners are allowed to preen and cajole their fighters. With a signal from the referee, betting begins. Hands wave furiously, everyone acting as his own bookie. Surprisingly, this chaos passes without dispute. "It is the Filippino natural head for figures," explained one fight-hand. With the betting over the contest begins. It's a short-lived affair. One fight can last up to three minutes. More often it is over in a few swift, violent seconds. The whole event can go on for 14 hours with no interval. At the end of it a successful winner is said to come away with a Mercedes Benz.

But outside Mindaue, you'll see no Mercedes. Successful punters in the Philippines take a leaf out of their politicians' book and take their fortunes offshore. Meanwhile the less fortunate, trainers, referee and the tourists, retire to Modesta's, a bar which entreats all its customers to " unwind."

John Murray Brown

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• PROPERTY •

Trendy bargains are still available

John Brennan looks at the fashionable attractions of Covent Garden for today's Eliza Doolittles

IT WAS London's first, and for long its most fashionable, residential square. Then, the commercial developers moved in. The Duke of Bedford took over Inigo Jones' arcaded open space in front of St Paul's Church and built a fruit and vegetable market.

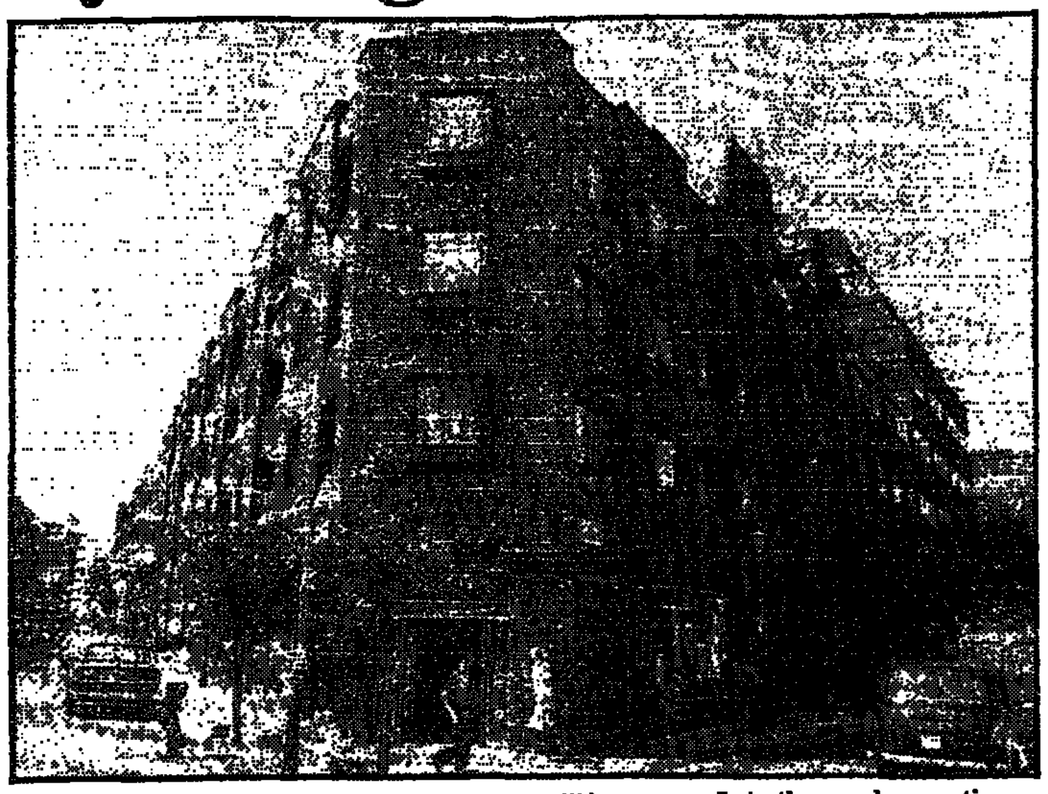
In a matter of months, the area's elegant town houses were *abandoned to become subdivided tenements*, or used as offices and stores for the market traders. That was back in 1828. Now, with Bedford's market in exile and only reruns of *My Fair Lady* to remind us of the past mix of silk-hatted opera-goers and voluble cockney flower girls, Covent Garden is recovering its appeal as a fashionable place to live.

It would be hard to find a more central area if you want to live in London. Calculations of mileage to the capital are all worked out from just across the Strand at Charing Cross. There *are Piccadilly, Bakerloo* and Northern line tube stations from which to choose if the weave of bus routes and the usual traffic jams do not appeal. And, since the piazza's transformation into a speciality shopping centre, and the invasion of fashion shops and restaurants, dance studios and designer goods shops of every kind, the area positively hums with activity.

Yet, flats here are cheaper than in the West End of London, and significantly cheaper than in most of the new developments of docklands in the East End. *Could it be so obvious a* location that buyers have simply overlooked it?

As you might expect, the local agents think it is an area for bargains. E. A. Shaw & Partners' signs appear on buildings throughout the area. But as Shaw's Richard Deeble-Rogers says: "When you go shopping, you don't look out for agents' boards. People rely more on adverts, and if you pick up the papers there are page upon page of docklands properties.

"One of the main reasons why there hasn't been a similar amount of interest in Covent Garden is that every development that has come onto the market has been small—six to eight flats, or a small commercial development with a couple of flats alongside—and you wouldn't go and take great advertising space for that."



Even if it has not matched the price rises of central London homes to the east and west, Covent Garden is by no means a cheap area in which to buy. According to Deeble-Rogers, prices are such that "it is now commercially viable to build residential space as part of a scheme rather than having flats in the design as part of the planning requirement alone."

Shaw has a 450 sq ft, one-bedroom flat in Monmouth Street on its books for £92,500, and an equivalent flat sold two years back for £60,000. Over a similar period the asking price for a two-bedroom flat in Seven *Dials has risen by some 35 per* cent. That flat was first marketed at £110,000 and is for sale again for £150,000.

The size of buildings certainly affects prices in comparison with other central areas. Covent Garden properties tend to be far less spacious than those in the docks or to the west. On the rare occasion that a house rather than a flat comes on to the market, the "sold" boards go up swiftly. Three town house shells in Mercer Street sold for £200,000 apiece a couple of years ago and an adjoining warehouse—also in shell condition—went for £250,000 for conversion into a larger-than-average house.

Mark Belshan at Donaldson's says: "Covent Garden hasn't caught up with prices in other areas. It's good value for the moment. You can still buy a two-bedroom flat for the price of a small studio flat in Mayfair or Kensington."

A number of residential developments are planned over the next 12 months that should add significantly to the area's housing. They include the redevelopment in Bow Street to replace a homeless men's hostel and add additional shops, offices and flats, which is unlikely to be long delayed; and reconstruction of the Peabody Estate off Chandos Place which should add to the quality, if not the number, of rented flats.

Bloomsbury is the usual *alternative for Covent Garden* enthusiasts who cannot find a suitable property in the market area. The other main overspill is north of Oxford Street into the rapidly improving stock of Georgian houses deep in advertising agency and media country around Charlotte and Warren streets.

Speculative developers who have been impatiently awaiting the departure of the meat lorries of Smithfield market in the hope of a conversion similar to Covent Garden have City of London site costs to contend with. So, there are a few housing bargains immediately around those market buildings; however, today's equivalent to the pioneer settlers who started to move back into Covent Garden 10 or 12 years ago are keeping the skip renters busy north of the market, into Clerkenwell.

Let a thousand properties bloom: flats and shops around Mercer St (above); stalls and bustle in Covent Garden's Piazza

Logic meets its Waterloo

ONE would-be Covent Garden buyer found that logic has precious little to do with fashions in home-buying, even in central London. Peter Rees, controller of planning at the City Corporation, decided the market area offered better value than dockland flats; and as he says: "It is the most accessible part of London." Finding that prices were pretty stable, with one or two flats appearing on the agents' lists over a period of months, Rees made a bid for a two-bedroom penthouse flat, successfully trimming £15,000 from a £175,000 asking price.

Then logic came unstuck. No one appeared interested in buying his existing home. On paper, there ought to have been a queue: it is a one-bedroom flat in a modern four-flat scheme and it is in the division bell area "within 500 metres of Big Ben." All for £60,000. The snag is that the flat is in Lower Marsh, Waterloo, and Waterloo flats are simply not in vogue. "Houses are going everywhere in London," says Rees. "The *difficulties seem to be in the* flat market."

Support for the Rees theory lies just around the corner in the few rows of workers' cottages that survived the bombs and the development plans by Waterloo station.

From the outside, Roupell Street, Theed Street and Whittlesay Street, a few paces to the north, could be escapees from the set of *Coronation Street*. Inside, a good half of the houses look as though they have been hit by successive *generations of colour supplements*. Brian Blowers of Broomhalls, the agent which has had a near-monopoly on Roupell and Theed Street sales for the past decade, reports that there are still quite a number of unmodernised houses in the streets but that, when these do become vacant, they are snapped up at around £80,000—*outside* toilets, structural faults and all.

The streets were "discovered" by City workers all of 10 years ago but the shortage of properties prevented the kind of buying rush that sent the skips into nearby Kennington, Southwark, Clapham and Vauxhall.

There might be surprisingly little interest in Waterloo flats, as Rees found, but Waterloo houses—the converted versions of those Roupell terraces—have risen in price from around £40,000 in 1981 to just under £100,000 now. The *first six-figure house in the* area sold for £117,000 in Whittlesay Street recently—but that did have a big extension giving it three, rather than the normal two, bedrooms.

J.B.

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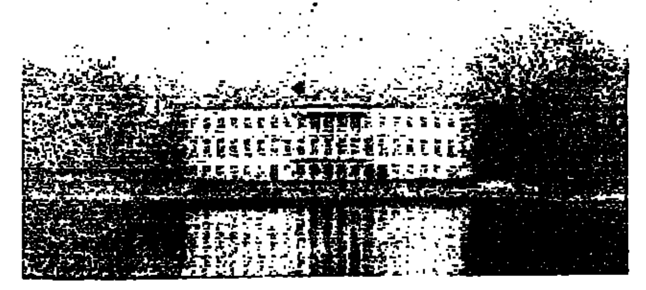

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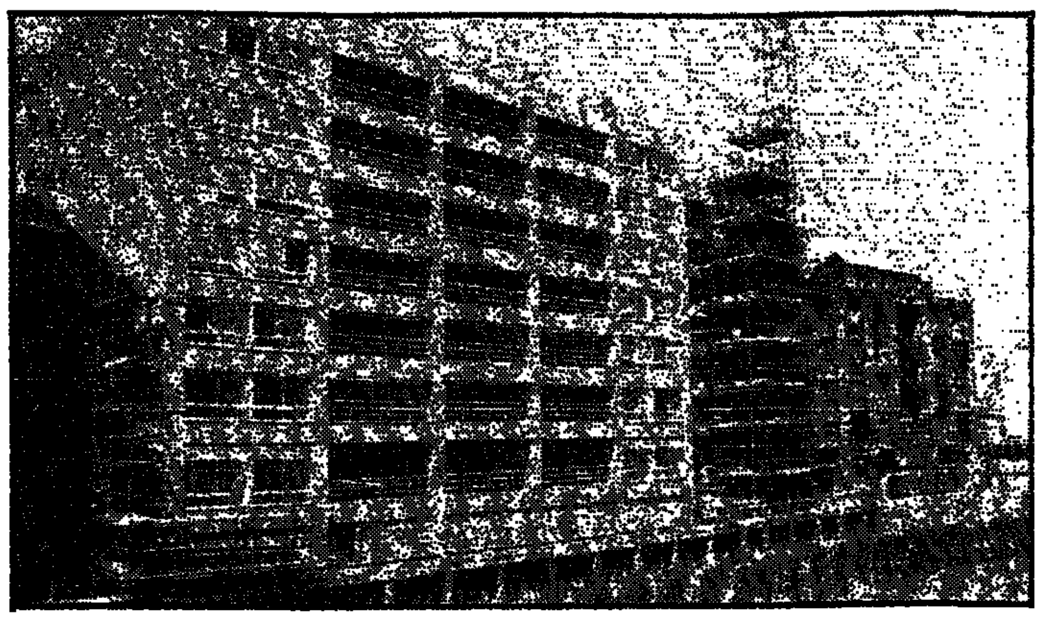
• PROPERTY •

The Garden bears fruit

John Brennan looks at the growth of centres that combine shopping, eating and entertainment



Transformation—the Butler's Wharf development in London's dockland

ANDREW CARNEGIE, the canny Scotsman who built a fortune in the US last century, once observed that "pioneering don't pay." That snap judgment could have encapsulated reactions five years ago to the idea of a mixture of "fun" shopping, restaurants and stalls in the Greater London Council's fruit market building at Covent Garden, refurbished after being left vacant when the market moved south of the river Thames.

However, even Carnegie—who knew a good thing when he saw it—would have jumped on the bandwagon when the redevelopment started to draw the paying customers. In the absence of Carnegie, property developers did just that. Now, Covent Garden clones are appearing in new schemes and old across Britain. These are the new generation of Specialty Shopping Centres (SSCs), the Yuppie equivalent to the out-of-town superstores being built to serve car-borne family shoppers.

Covent Garden gets the credit for setting the pace for similar shopping-eating-entertainment-and-generally-strolling-about developments in the Albert Dock Village, Liverpool; Exchange Arcade, Nottingham; the Berekely Centre in Bristol; Waverley Markets, Edinburgh; and Cavern Walks, Liverpool. The Garden is also used as a shorthand way to explain the projects transforming the old Whiteley's building in London Queensway; the Quadrant Centre in Bournemouth; Butler's Wharf in London's dockland; Quakers Friars, Bristol; and a dozen others.

Sharing the honours for this boost to the careers of those purveying tastefully-expensive inessentials, sign painters and street entertainers—all everyday parts of the Garden scene—are three factors: the inescapable logic of changing demography, one charitable American, and a far-sighted British property developer.

The demographic changes are simple enough. As the post-war baby booms of the 1950s and 1960s move up the population pyramid, Britain, in common with much of Europe, is acquiring a middle-aged spread. More people at working age, more economically active parents with grown-up children, and a continuing growth in the number of independent households, add up to a marked change in shopping patterns.

As Jones Lang Wootton comments in its recent study of SSCs: "The idea of a homogeneous mass market predominantly composed of families is now obsolete. The classic nuclear family (husband working and wife at home with two children) now reflects the lifestyle of only one in 20 households in Britain."

At the till, that means a sharp divide between "task" shopping for essentials, and "fun" shopping for the rest. The "task" side of the retail business has not got the growth to appeal to competitive retailers because relatively less of rising incomes is spent on essentials. That is why, in a period of record retail sales, shops now take only 40 per cent of personal disposable incomes against 48 per cent in 1970.

The growth market is in supply higher margin inessentials SSCs—with entertainments, places to meet and eat, and plenty of interesting shops to browse around—are one way of drawing together enough casual spenders to make commercial sense of a retail development.

The charitable American who proved the point is James Rouse, the pioneer of "festival centres" in the United States. As the agent St Quintin notes in its review schemes, they evolved out of standard shopping malls. The first true SSC was probably the Old Chocolate Factory at Ghirardelli Square in San Francisco, which opened its doors in 1964.

It was Rouse's classic redevelopment of Faneuil Hall in Boston, however, that established the principles of specialty planning retail redevelopments of run-down buildings and, as Rouse says, "creating the kind of centre that is energising the heart of many cities."

Rouse goes to exhaustive lengths with his schemes to select a lively tenant mix. He even goes out to create new market traders by providing training for inexperienced local people. "The payoff of educating tenants is higher sales. Even tenant changeover is healthy because it adds new life to the centre," he insists.

Profits from Rouse's Enterprise Development Company, which runs hugely successful market developments in Baltimore, Norfolk and Richmond in Virginia, and in Michigan, go to a charity to improve the housing of the poor in US cities. But it was the evident success of the schemes that persuaded Julian Markham, chairman of Glengate Holdings, to bring the idea across the Atlantic.

Markham applied the formula he had seen in the US to the redevelopment of the Royal Exchange, Manchester. Instead of yet another department store, Glengate produced a lively mixed market that opened a few months ahead of the same-sized (52,000 sq ft) Covent Garden.

Tourist attractions though these speciality centres certainly are, they would be commercial disasters if they did not appeal time and again to locals. The GLC's survey of Covent Garden visitors in 1982 showed that six in 10 were Londoners. If the shops, stalls and restaurants relied on foreign tourists, they would have a tenth of their custom.

Keeping centres interesting enough to attract regular repeat visitors is, therefore, a critical part of their management. So, too, are restaurants, which account for a third of the space in the Covent Garden market and which draw visitors in their own right as well as helping to persuade 43 per cent of them to stop and buy or eat.

Maintaining the kind of orderly chaos that gives SSC their appeal takes a different kind of property management skill to the traditional free market approach of renting space to the highest bidder. Covent Garden might not have been the first, its planning might have been sketchy in comparison with today's carefully researched SSC schemes, and it is certainly not the most commercially successful—but at least it can claim to have been a significant step in the ironic progress of property development companies from being bulldozer-happy to becoming enthusiastic guardians of old buildings of character.

J.B.

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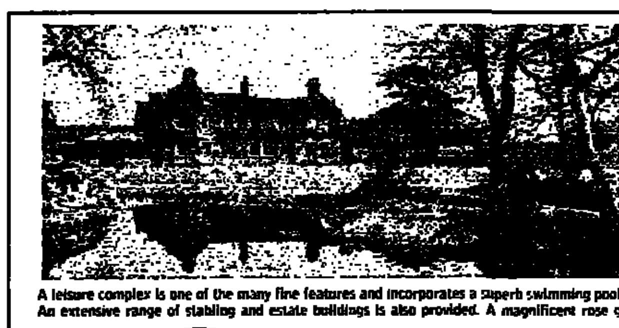

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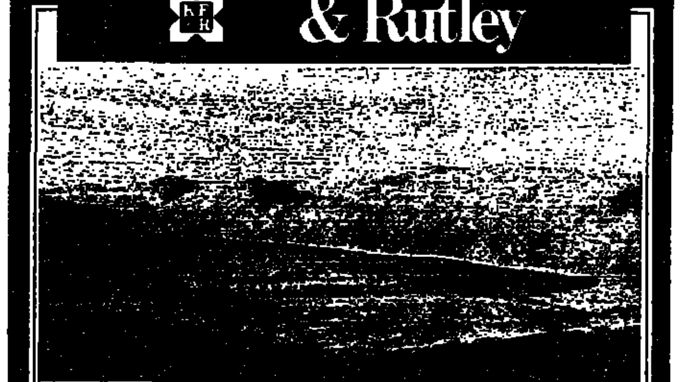

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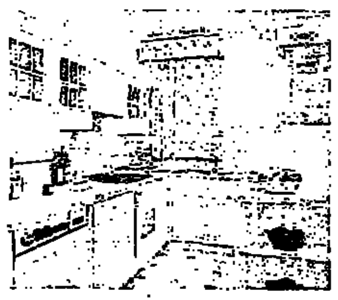 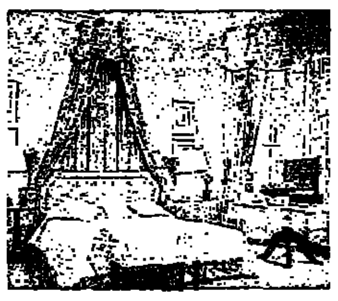 

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 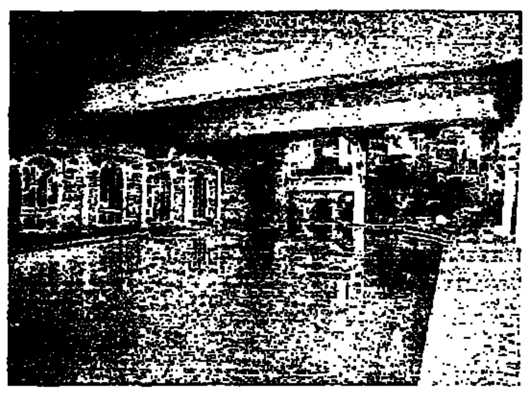

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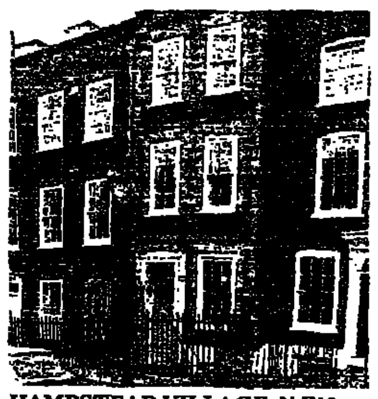

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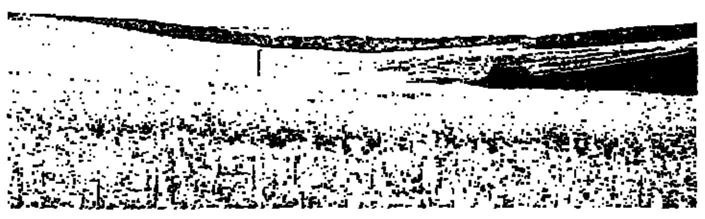

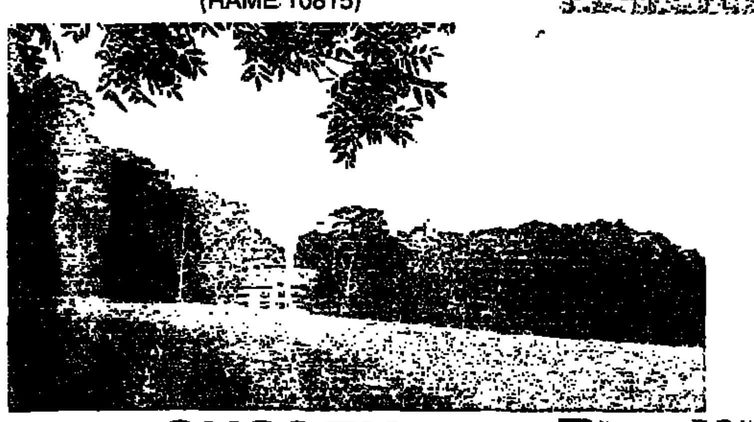

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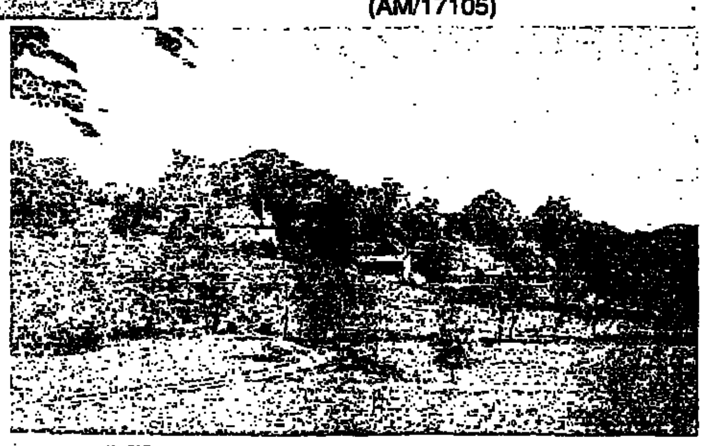

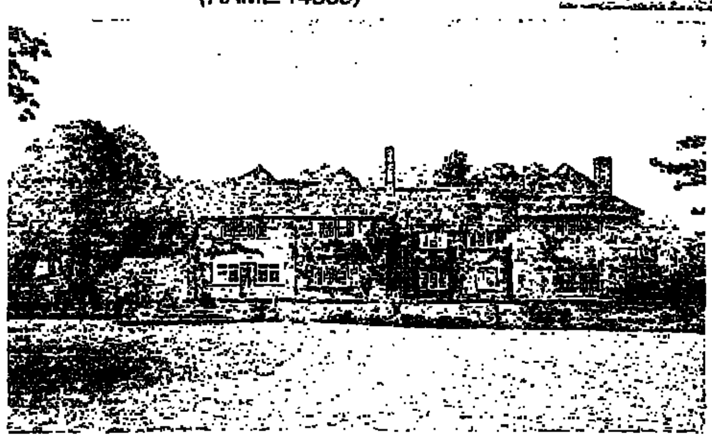

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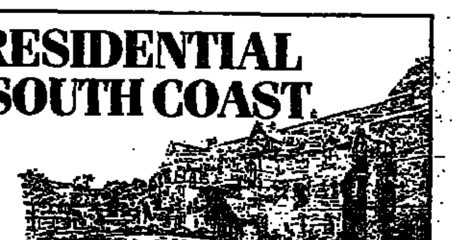

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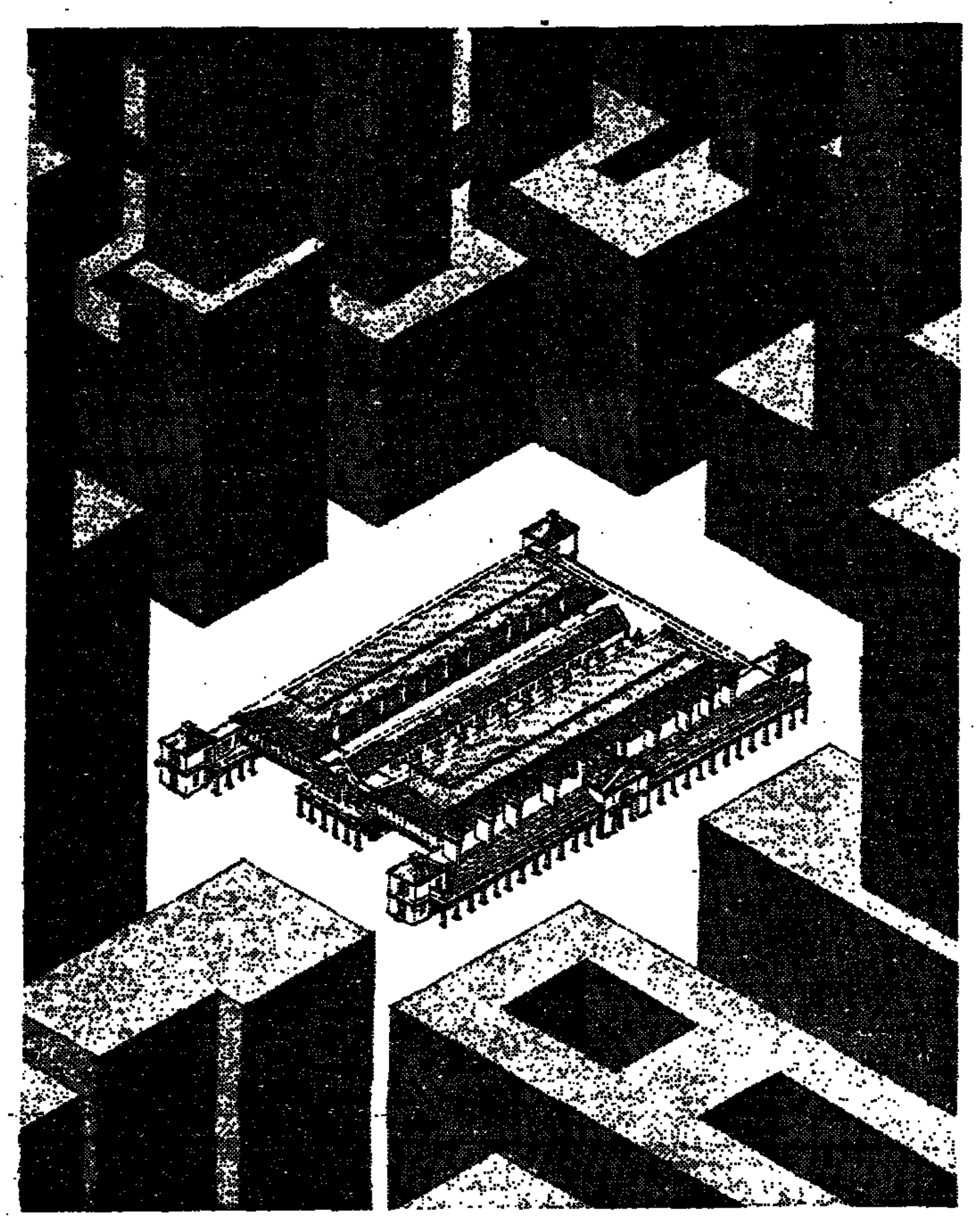
The revival of Covent Garden was a success but the future is in jeopardy. **Colin Amery** and **Karen Elder** report

For better or for worse



THERE IS insecurity at the heart of Covent Garden. After more than 10 years of patient and gentle transplant surgery under the vigilant eye of the late Greater London Council, *its future is in jeopardy.* All the properties owned by the GLC, including the Central Market Building, are now in the care of the London Residuary Body, an organisation duty bound to secure market value for its holdings as it disposes of them.

The future of this unique example of controlled mixed development that grew out of a complex mixture of community pressure, *political* pragmatism and enlightened enterprise, is important. It is important not simply because the great success of Covent Garden must be safeguarded but also because Covent Garden still shines like a good deed in a naughty world and it is time that the beams shone even further.

It is worthwhile considering what makes Covent Garden such a success. Almost everyone is attracted to this historic town within the city — and this is surely the key. While many of the activities are new, the scale and the fabric remains old, attractive and civilised. There is a constant sense that somehow the inhuman, concrete giant world of the contemporary city has been kept at bay. Although a great deal is ersatz, people come here because they feel *that it represents* real life. There is a sense in the Piazza that you might (just) be in Florence.

The *old cliche that London* is just a collection of villages rings truer here than in suburban villages like Spitalfields *or* Battersea, because people do live and work in Covent Garden. There is something still of that feeling Nancy Mitford had about the Eternal City . . "It's just like a village with one post office, one railway station, and life centred round the vicarage." In Covent Garden life can choose its focus but it is inevitable that it will at some point settle in the Piazza in front of St. Paul's.

A multiplicity of interdependen things have contributed to the success of the rehabilitation and renewal of the whole area since the *departure of* the market to Nine Elms in 1974.

Scale is crucial. Everything is within walking distance. There are shops and offices but some 10,000 people live in the 96 acres that stretch from Shaftesbury Avenue in the north to the Strand in the south and Charing Cross Road on the west to Kingsway in the east.

Just as the market had bred a series of service businesses that helped to *suport it*—Mr O'Brien the barrow builder and all those swilling pubs open in the early morning—today the *world of design and fashion* and food supports much of the West End. Graphics, photography, artwork, "creative" advertising agencies, all found and liked the spaces they selected in Covent Garden in the 1970s. Conran Associates set up in the early seventies and now has an empire stretching from Third Avenue to Tottenham Court Road—all of it based on design first and then retailing. Conran *attracted cohorts* and now there are 60 design consultancies in "the Garden."

The artwork businesses that service the design world had the early advantage of the use of light industrial space. Research shows that these businesses have done extremely well but many are *considering* moving away soon because they find the area limiting for expansion. Property has become too expensive—which begs the question of who will be able to afford the offices and studios that they leave behind? Can *financial services* be far behind?

For instance, two successful small companies explained *their* feelings about the area. The Button Design Group has been in Covent Garden for 12 years. It came because of the *central* location and its conviction that clients would be likely to be coming into the area as well. It started off small. By 1985 it had had a freehold building in Shelton Street and rented two further premises (one a light industrial one for studio work) from private landlords. Its work is mostly in exhibition design. It wants to expand and have the exhibition stand building *department* next to the design studio so it may have to leave the area.

Printronics, a layout printing and graphics company, has occupied light industrial space in Covent Garden since 1983 when it moved from Soho. It says *that* since the move it has experienced a 50 per cent increase in business.

This exemplifies the success *that comes from providing* a service close to the clients that need it. Because of its central position Covent Garden lacks any peripheries where the less profitable businesses can take refuge when the rent and rates get too costly in the centre. It is important to retain the extraordinary mix in Covent Garden —somebow the GLC managed to perform a delicate balancing act—*but if large elements of the whole* are sold the scales may well tip in the wrong direction.

Shops are often an indication of the way things are going, being a more direct and public signal of the commercial climate. In the Central Market, where tourism on a formidable scale is beginning to chip away at the charm, there are the first signs of a crack in the rare and specialist image contrived by the GLC. One chain store—Benneton—has found its way through the complex planning regulations, and others that

'There is a sense in the Piazza that you might (just) be in Florence'

weren't chains when they arrived in Covent Garden have since become so: Bodyshop, Monsoon, Culpeppers, Cranks and Whistles represent the now commonplace "Laura Ashley" type of mass-produced homespun shopping.

The real specialists in the main market area have been forced into the remote trading regions of the upper floors. The northern part of the area, which comes under the London Borough of Camden, seems to have a more successful mixture *of truly specialists shops.* Many are owner occupied and provide exactly the kind of service and goods that are rapidly vanishing *elsewhere: the* Copper Shop, the Bead Shop, the Kite Shop, Falkinder Fine Papers, Stanfords Maps, the Tea House, a shop devoted to pens in Drury Lane, and even (long may it last), a shop selling authentic archaeological remains from all over the world.

Tourism has mixed effects on the whole area. Food flourishes but standards are slipping with the characterless Ponti chain of catering establishments spreading their tasteless and uniform food in the area and MacDonalds panting for a pitch—*which it may get in one of the* newer developments. It is surely important that fast food be kept out of this area: the accumulation of rubbish and grimy premises could easily make Covent Garden just like so much of the West End.

Along with tourism goes entertainment. Much of the busking and community art performance is mediocre and can easily bore residents who suffer it every day. Liveliness is one thing, mindless repetition another.

Is this microcosm of the ideal *city in serious danger from* possible over development?

There are at least a dozen schemes planned most of them encouraged by the sheer success of the area. Five architect/developer teams are doing battle to redevelop the site of Bruce House, a working men's hostel in Drury Lane. The 300-bed hostel is owned by Westminster City Council, which wants to replace it by a smaller *hostel, offices and shops.* A larger and potentially more damaging scheme to the fabric of the area is the plan submitted by the Mercers Company to develop three acres between Shelton Street and Long Acre. One block of the site will be refurbished warehouse premises for office/shop/retail and some *residential use and the other* block will be demolished and replaced by offices and other mixed uses. The Covent Garden Community Association sees the scheme as "the spearhead of a new wave of commercial development that threatens the whole of the Covent Garden Area."

The Community Association and the Covent Garden Forum feel that the loss of the GLC as a *strategic planning authority* places the area at considerable risk. The Covent Garden Action Area Plan, in force since 1978, is a *sensitive and creative* use of planning powers and it should not be set aside lightly.

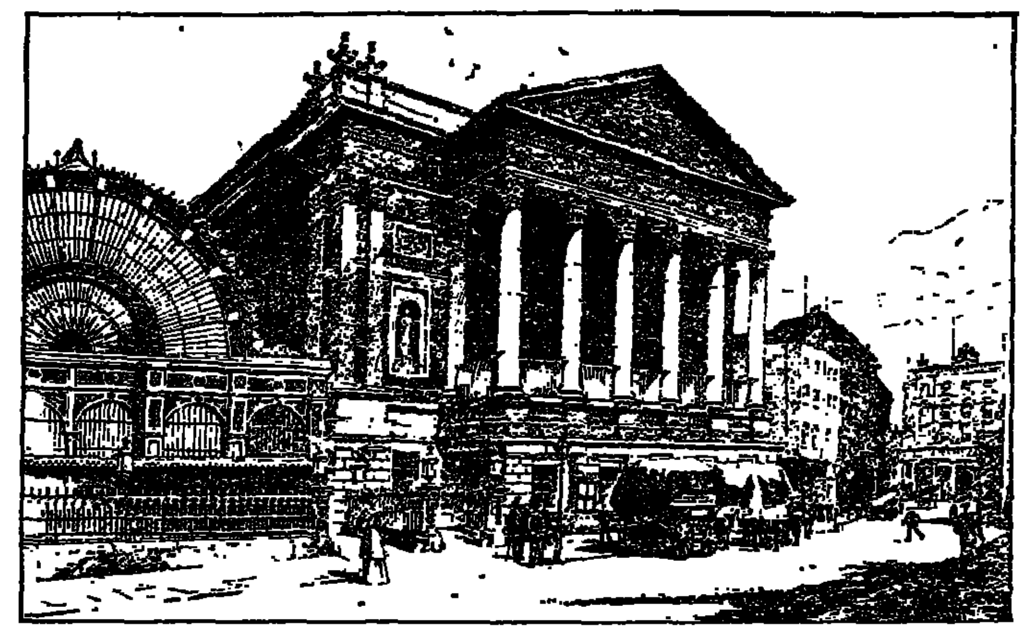
The future of the Lyceum Theatre lies with the London Residuary Body. A consortium led by Stephen Hetherington plans to turn it into a major new venue for dance performance, while Mecca wants to renew its lease and run it as a "multi-use centre." It is an important Grade II listed building but the LRB has said that *it is* charged with getting maximum commercial value from its property over and above any *historical or artistic considerations.*

The former Charing Cross Hospital is to become a new police station. The Peabody Trust is considering developing its Bedfordbury site, with some offices to pay for housing. The Jubilee Hall site, on the way to completion, has squeezed as much as possible onto a small site — will it all be out of scale? Moss Bros is planning to rebuild completely on its present site and the Royal Opera House development plans will be announced soon.

What can ensure that this remarkable area does not simply go the way of all developers' flesh? One proposal is very much in the air: In a kind of *management takeover, members* of the Covent Garden Forum and the Community Association are proposing the establishment of a Covent Garden Trust to ensure the continuation of the success of the area in the interests of the whole community.

This trust (still in the process of being established) hopes to find City funding and be able to take on the running of the GLC properties from the LRB on a non-profit *community* benefit basis. A panel of legal and financial advisers and representatives of the Department of the Environment has been assisting the embryo Trust to establish the ground rules for what would be the first inner city non-profit development trust in such a commercially attractive area.

One of the four trustees described the objectives of the proposed trust as *the only way* that the area could be preserved with its rich mixture of uses and carefully maintained *character. The GLC had the* unparalleled advantage of being the landlord and the planner — no-one disputes that Covent Garden is one of the GLC's better legacies, one that benefits the whole of the capital. Is the trust simply a romantic pipe dream? Many people thought that the original destructive plans for a rebuilt Covent Garden would never be stopped — but they were. Perhaps now is *the time for another new form* of planning for an area that has already proved its unique value. It is too good to lose.



Victorian view: the Royal Opera House

The operatic score

In September, an important announcement will be made *about the future of the* Royal Opera House and the long-awaited redevelopment of the sites it owns in Covent Garden.

Since the choice of Jeremy Dixon and the Building Design Partnership by the Opera House Board in 1984, a scheme has been prepared for a mixed development that will partially fund the expansion and renewal of the Opera House.

The scheme is an interesting example of the sort of imaginative financing for the *arts that has been encouraged,* and indeed made necessary, by the present government.

The opera house owns sites that run alongside the present theatre from Bow Street to James Street with frontages on the Piazza, also good sites for commercial and institutional development between Floral Street and Long Acre.

Jeremy Dixon and the BDP have produced an excellent early design for a complex variety of mixed uses. It will be placed on public exhibition in September when a planning application is made.

The heart of the £55m proposal is the total rebuilding of the Royal Opera House—almost all of it except the present auditorium. New side and rear stages, fly tower and complete facilities for the Royal Ballet (at present scattered around London) as well as extensive foyers and a grand "double helix" staircase *will* be provided.

The approach to the redevelopment has been to provide for the opera house all that is needed and then to see how the rest of the sites can contribute to the total cost. On this formula it is anticipated that shops and 100,000 sq ft of offices will provide £35m.

The problem is the shortfall of £20m. There is optimism in the air that private benefactors may provide at least half of this sum and that a general appeal will be *launched for the outstanding* £10m.

The design, as far as it has been developed, will provide an *Uffizi style arcade on the* Piazza, a new entrance to the opera house from this arcade and an aesthetic of Portland stone facades with glass and steel elements above the roofline.

In architectural terms the solution is ingenious, careful and responsive to the sentiment that surrounds the old Barry 1858 Opera House. Financially it clearly has its problems that can only be solved by a rare mixture of commerce, patronage and public goodwill.

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Haile Property Development

'Who needs progress, anyway?

A resident's lament: Karen Elder on the disadvantages of gentrification

COVENT GARDEN as a leisure centre is evidently so badly needed that millions come to enjoy it, but as a resident *I look* back with nostalgia to more peaceful days.

I had a local greengrocer whose exotic wares spread all around the entrance to the Tube station. Food shops *were scarce,* so vegetables became my staple diet. The quantities I bought were noted by the manager who, *on discovering* I was single, suggested that I might shack up with a greengrocer—which was bad advice because his stall was swept away by rising rents and rates and is now a booth where for £4.95 you can have your horoscope read.

The butcher has become a sandwich shop, my local pub has been tarted up for the tourists, and summer has become too noisy to tolerate. *Mass tourism has invaded Covent* Garden. There is no peace —the visitors, the buskers, the early morning clean-up, the servicng of restaurants and pubs, the building works, the cafe cooking fumes and the endless digging up of the road on Sunday mornings drive me to the country on weekends. My neighbours simply pray for rain.

I moved here in 1977 to a strange inner city no-man's-land of empty warehouses, neglected buildings and no traffic. My car was alone in the street on Sundays, and my main fear was that if I had an accident on the weekend no-one would find me *until the days when my mortgage* application for a £12,000 flat in Long Acre was turned down as too risky an investment.

Without changing my address, I have lived in inner city desolation, in a building site, and now in the middle of a big crowd of tourists. The third phase is by far the least pleasant, but ironically the rates and value of my rented flat have increased enormously.

This situation faces many of us who live here in private housing, but my cleaning lady a (Chilean refugee) is more fortunate as she is able to buy her council flat here at ... *You must* either be a millionaire or in need of social support to move into Covent Garden nowadays.

Despite the change, I am devoted to the area and enjoy the variety, the shops, the liveliness, the beautiful buildings and the amazing convenience. I wouldn't live anywhere else, especially in winter.

Early on snowy mornings, looking out over the untouched Piazza is a breath-*taking sight.* But the best time is Christmas. When I had a puncture outside my own front door on Christmas *morning* (the only day in the year I can park there), the fact that there was no-one around to help filled me with selfish delight.

What we really need is another Covent Garden. Perhaps Smithfield might oblige?

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· D I V E R S I O N S ·

Check out London's all-singing, all-dancing

Lucia van der Post

COVENT GARDEN seems to me to be one of London's great success stories. It has managed that difficult problem of retaining a measure of its historic character while moving into the modern world.

The high hopes we had when the old central market building was finally opened to the public in June 1980 have been largely fulfilled. What had been a dead area since the last market traders moved out in November 1974 is now a lively, vibrant amenity for those who live in London and its many visitors.

Covent Garden has attracted its fair share of dubious characters, some tatty restaurants, too many boutiques offering nothing very special. Anybody ambling round would be well advised to hang tightly onto handbag or wallet. Nonetheless, year in, year out, it is London's best source of free street-life. It has vitality and a personality of its own and some of the best and most varied shops in the capital.

You may not be able to buy anything as lush as a fur coat (but then most of us can live very happily without one), for fresh fish you'll have to wander over into Soho, and there isn't an old-fashioned draper—otherwise it's hard to think of much that can't be bought

The revamped central market tends to get all the publicity and the bulk of the visitors but the real joy of Covent Garden lies in the backstreets—wander round them and you'll make plenty of discoveries of your own. Meanwhile here is a look at some of the shops that help to make Covent Garden what it is today.

Crafts

COVENT GARDEN is home to the British Crafts Centre at 43 Earlham Street, and anybody interested in the state of crafts in this country will find lots to catch the eye. It is always a good place to search for the one-off special present and while upstairs is usually given over to the exhibition of the moment, downstairs houses a collection of ceramics, silver, jewellery, glass, textiles and almost every other craft you care to name. The standards are high, there is a stiffish selection process to pass, and almost everything verges more towards arts than crafts.

Naturally British at 13 New Row is, as it sounds, a showplace for British crafts, though here the accent is more on commercially orientated crafts. There are soft teddy bears, home-made dolls, pottery mugs and tea-pots, great ceramic bowls, baskets and hand-knits. It's a good place to find a present to please a foreign child or visitor and though some of the merchandise is a little on the cute and homely side, some of it is of very high standard.

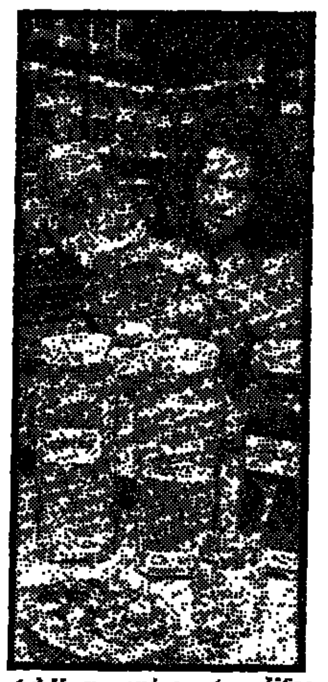
Neal's Yard

THE NEAL'S Yard Complex is a phenomenon in a class of its own. It all started with Neal's Yard Wholefood Warehouse where the early converts to the wholefood way of life could buy chickpeas and lentils, muesli and brown rice by the bagful. Since then its range has grown and its message has become popularised and from all over London people come to buy honey, peanut butter (see it made on the premises out of nothing but crunched-up peanuts), luscious prunes and dried apricots, whole-grain cakes and biscuits.

Now the concept has been expanded and nestling all together in the newly revamped Neal's Yard there is also Neal's Yard Flour Mill (for your stone-ground wholemeal, your esoteric nutritionally sound flour of every kind), Neal's Yard Farm Shop (for organically grown food, from fruit and vegetables to eggs and pasta), Neal's Yard Bakery Co-op (where you buy baked breads and cakes made entirely from afore-mentioned flours and other ecologically-sound ingredients). Then there is Neal's Yard Apothecary and Therapy Rooms where you may buy essential oils, cosmetics and toiletries to pander to your body from ye ancient little boxes downstairs. All are beautifully packaged in old-fashioned bright blue glass containers.

Upstairs there is solace of another kind—here you may choose your own particular brand of cure, whether it be aromatherapy, acupuncture, massage, reflexology, or the Alexander Technique.

Neal's Yard Dairy will sell you as large a selection of English cheeses as you will find anywhere. Many are from small producers and have charming explanations of origin.



Adding spice to life: the Apothecary, Neal's Yard

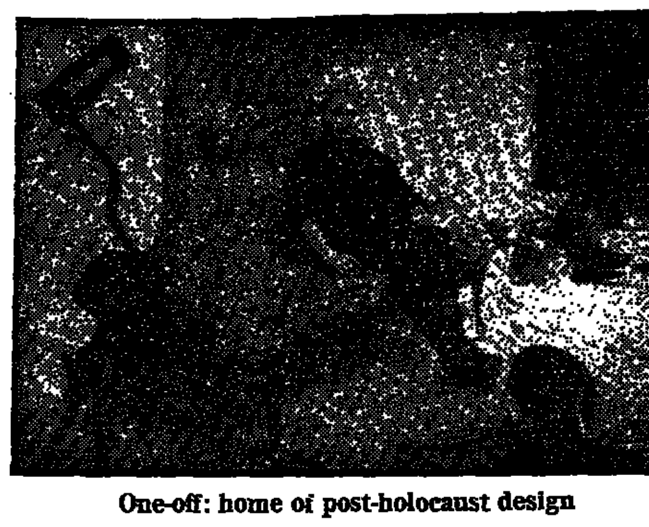
Central Market

THE Central Market, housed in the restored market building, can seem over-crowded, over-priced and over-endowed with items deserving marks for effort rather than for skill but it is always worth a visit. It's not everywhere that you get a chance to make direct contact with those who make the things you buy. Even the objects that are short on fine detailing are usually full of personality and certainly far removed from the anonymous production-line numbers that fill most stores. If you don't see exactly what you want you can always chat up the maker and persuade him or her to make you something special.

During any given week some 200 different craftspeople bring their wares to market so every day is different and it would be a dull shopper who didn't find something there to please.

Over the years I have found it is a good place to buy "fun" sweaters (and remember, you can usually order any given pattern in any colour), hand-made wooden toys, ceramics of all sorts from vases to cups and saucers, photograph frames (Wednesdays and Thursdays) in all colours, shapes and sizes, jewellery, leather bags (the quality seems to have improved lately) and on Tuesdays and Wednesdays there is a marvellous button stall.

The stalls in the central market usually start putting out their wares at about 11 am, and shut up shop at 7 pm. From Tuesdays to Saturdays are the days for crafts. Mondays are given over to antiques—nothing too large or too precious, but well worth a hunt for the odd small silver present, blue and white jug, or antique kitchen implement.



One-off: home of post-holocaust design

Design

GIVEN THAT a host of advertising agencies, design consultancies and architectural firms have established themselves in the area it isn't surprising that some of London's most interesting modern, even avant-garde, furniture and furnishings are there, too.

Wackiest of them all is **Practical Styling**, just on the edge of Covent Garden at 16-18 St Giles High Street. Here the former Mr Freedom is showing the same talent for breaking moulds, for lifting the spirits and taking apart orthodox "good taste" ethics that he showed way back in the 60s.

It's the place to go for dustbins in eye-searing purples and yellows, for plastic flowers by the armful (for some curious reason, once plastic flowers become sufficiently awful, they qualify for the label "kitsch" and then they are quite all right.

One-Off, 56, Neal Street, has been described as belonging to the post-holocaust school of interior design. Take this to mean that unless your tastes are quite extraordinarily advanced or you are an absolute glutton for the newest and the latest, you are unlikely to find very much that would actually fit into what you have back home. You will find lots to interest you. Ron Arad, who runs One-Off, does not believe in waste and to this end uses things you and I would discard, like old rubber tyres, iron railings, motor-car parts, wire mesh and the like to construct his furniture.

Lighting Workshop, 35-36 Floral Street, is a good place to try to unravel the mysteries of good lighting. The staff can be cajoled into giving serious advice and there is a huge selection of modern lighting to choose from, ranging from the decorative and the witty to the strictly functional.

Astrohome, 47-49, Neal Street, was one of the first shops in London to home in on Hi-Tech — that is, while we all knew about Hi-tech nobody could actually buy many of its components until Astrohome started up this cool, chic Hi-Tech temple. Even if Hi-Tech isn't exactly what you have back home, there are lots of small accessories that are lots of fun — very nice ceramics, funky lighters and very efficient lights and torches, as well as one of the most efficient storage systems (Speedrack) around.

Authentics, 42, Shelton Street, is one of those shops which makes it absolutely plain, from the moment you look in the window or enter the door, that here everything has been rigorously edited and most carefully chosen. The cool furniture of Alvar Aalto is probably the softest range around.—otherwise the general impression is of sleek, monochrome chic. Lots of those totems of the stylish life — Mont Blanc pens, Porsche clocks and watches, clever stationery and razor sets.

Aram Designs, 3 Kean Street, one of the earliest of the Covent Garden arrivals is as good a place as any to start to convert those still unconvinced about the beauties of modern design. Here all is cool and classic, nothing is gimmicky or trendy. It's the place to admire Eileen Gray's elegant sofas and tables, her marvellous controlled designs for rugs.

It's also the place to look for Le Corbusier chaise-longues, Breuer's masterpieces, lighting by Flos and Arteluce. Newest and most expensive of all, but breathtakingly original and desirable, are the storage chests by the Japanese designer Shiro Kuramata. Look, too, at Charles Jencks' Post-Modernist creations.

Artemide, 17-19 Neal Street, is cool and chic with plenty of beautiful, matt black, efficient lighting and the sort of furniture that looks sleek and elegant in penthouses.

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After the redemption date the rights of holders of the Series B Shares shall be limited to receiving the redemption price without interest.

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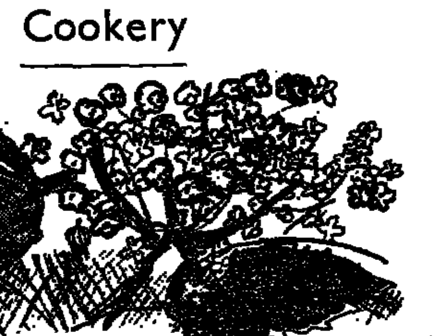
By order of the Board of Directors
The Secretary
RODRICK K. MacKINNON

Vancouver, June 10, 1986

Nobody's fool, the gooseberry

Cookery

Philippa Davenport salutes a modest fruit to shame the showoff strawberry



THE GOOSEBERRY strikes me as a sadly neglected fruit. If it came into season at some other time of the year it might be greeted with more applause. As it is, its appearance causes hardly a ripple of excitement, coinciding as it does with the start of the scarlet fruit season.

Strawberries hog the limelight with their glamorous looks and show-off colour. Gooseberries, taunted by jokes about uneasy threesomes, pale to insignificance beside them.

The strawberry enjoys a social whirl, making star appearances at Ascot, Wimbledon, Glyndebourneand Henley. The modest, quiet-living gooseberry hardly gets a look in.

In a way, I love the gooseberry for that very reason. When everyone else is serving strawberries I happily serve gooseberries, and those fed up with salmon, strawberries and cream regard my offerings as refreshingly original.

Gooseberries make excellent jam and they are every bit as good used as the basis for herb jellies. They make agloriously sharp purée, the classic accompaniment to grilled mackerel and herring, and a pleasant change from the ubiquitous apple sauce with roast pork. Try also a sieved purée of gooseberries stirred into a mixture of soured cream and mayonnaise for a light and piquant dressing to serve with salads of smoked fish, gammon or ham.

Gooseberries make splendid pies. Even better than the traditional raised gooseberry pie with its hot watercrust is, I think, a simple pie in which tart little green gooseberries netsel under a very buttery crisp shortcrust.

I like to layer the raw gooseberries in the pie dish with a sprinkling of sugar and cornflour so that the juices are lightly sweetened and thickened as they begin to run from the fruit during cooking.

Sometimes I add a little finely-grated orange zest or a few crushed corinader seeds to round out the aroma with intrigue.

Almonds go well with gooseberries, particularly if they are well-toasted to intensify their nutty sweetness, and little glasses of softly crushed gooseberry fool seem especially appealing if topped with a scattering of split and toasted almonds.

If you want to make a fool that is less cholesterol rich, replace some or all of the cream with Greek strained youghurt.

If you want to cut down on the amount of sugar used, bury a few sprigs of sweet cicely blossom amongst the fruit as it cooks.

Another old-fashioned trick well worth reviving is to cook gooseberries with sweet cottage geranium leaves. The variety called P. graveolens has an exquisite lemony fragrance.

When making gooseberry jam, I often include a handful of the finely chopped leaves. I use them also in gooseberry crumble, and I line the cake tin with whole leaves when baking traditional Wiltshire gooseberry cake.

Unforgettably good is the combination of tart green gooseberries and elderflower. The marriage of these two very common plants is truly remarkable, making food fit for the gods at pauper's prices.

GOOSEBERRY KISSEL
(serves 8)

Elegant and delicate, this pudding succeeds in converting many who profess to hate gooseberries. It is a dish that would not seem out of place at a grand dinner party but is equally suitable for a family Sunday lunch, and it must be one of the cheapest and easiest of all summer puddings to make.

1 lb tart green gooseberries; 4-5 oz caster sugar; 2-3 heads of elderflower blossom; 1 pint water; 3 tablespoons cornflour; Greek strained yoghurt and almond tuiles biscuits for serving.

Wash the fruit (no need to top or tail it) and put it into a saucepan with the rinsed blossoms and the water. Cover and cook very gently indeed until the fruit is so soft that it is beginning to disintegrate. Tip the contents of the pan into a sieve and rub gently with a wooden spoon to extract the pulpy juices.

Put the pulpy juices into the rinsed out saucepan. Stir in sugar to taste and melt over low heat. Mix the cornflower to a creamy paste with about four tablespoons of cold water. Gently and thoroughly stir the paste into the sweetened gooseberry juices and bring to the boil, stirring continuously. Boil for one minute, still stirring, to thicken the mixture slightly.

Let the kissel cool for several minutes (stir it every now and then to prevent a skin from forming) then divide it between eight small glasses. Store in a cool larder until completely cold and set to a soft trembling jelly. Then cover and refrigerate until ready to serve.

Umbria shows its colours

Edmund Penning-Rowsell finds the wines of Umbria 'now much fresher and crisper'

THE WINES of Umbria, like the small, landgirt region itself, have tended to lie in the shadow of the larger, internationally better known wines of Tuscany. In the same way as the wines of Bergerac are overshadowed by adjoining Bordeaux and largely sold by its merchants, so the Florentines, directly or indirectly, have controlled much of Umbria's most familiar wine, the white Orvieto.

The best-known producer is the distinguished house of Antinori, based on the Castello della Sala, near the charming cathedral city of Orvieto; and the local trade body, the consorzio, is dominated by such well-known Chianti firms as Ricasoli, Melini and Ruffino.

The largest vineyard owners are Bigi, formerly now part of the very large, Swiss-based Winefood group. About 50 per cent of Orvieto is bottled outside the area, and traditionally it has been used in export markets by the Tuscan trade to complement the red Chianti.

In addition, of course, there are a number of purely local firms, including Barberani, Barbi, Cotti, Vaselli and Le Velette, whose wines may be found on British wine lists. They appear to have been influenced by the initiative and investment of Antinori and Bigi. For the most encouraging development has been a negative one: the abandonment—generally—of "pasteurisation," which deadens white wines. Up to ten years ago it was nearly universal. So the dry white Orvietos, made from Trebbiano (50-60 per cent), Verdello (20 per cent) and a balance of Grechetto, Malvasia and Drupeggio, are now much fresher, crisper wines.

There is also said to be some revival of the medium-sweet abboccato, the wine popes traditionally sent for from Rome. But, starting in the years between the wars, demand for sweet wines caused Orvieto to "go dry." (Not, I think, very comfortably, until modern techniques made Orvietos more attractive.)

It received its DOC rating in 1971 with two zones: Orvieto Classico, in the original vineyard area centred on the city; and plain Orvieto both to the north and south of this middle district.

At least 50 per cent of all Orvieto is exported; Germany and the US are the largest markets. Most merchants in the UK list a Classico, usually with an unannotated catalogue entry that does not inspire much enthusiasm among wine drinkers, more of whom probably know the name than have ever drawn the cork of a bottle.

In a recent visit I particularly enjoyed the clean, fresh, Antinori and Bigi wines at around £3.25 to £3.75 here: excellent young-wine summer drinking.

It is even more encouraging that, as in Tuscany, experimenting with plantings of other grapes has been taking place. At Sala there are now 20 ha of Sauvignon Blanc and [illegible] apiece of Cabernet-Sauvignon and Chardonnay. Antinori has recently introduced a new white vino da tavola called Castello della Sala, in secco and abboccato versions, made from a combination of the traditional Umbrian grape Procanico (a Trebbiano), together with Sauvignon and Pinot Blanc. The 1985 dry is very fresh, with a slightly scented nose and good flavour. The abboccato is no more than medium sweet.

Next year Antinori is launching a new white wine, Cervaro (named after the former owners of the 15th century castle), which includes Chardonnay and Grechetto in the blend. I found it full of flavour, with a degree of oakiness that no doubt will diminish in bottle. Then Bigi has a single-vineyard dry Torrecella. Almost surprisingly, it is full-bodied, and obviously relies less on the Trebbiano. So too does the Bigi Orzalume, which is fermented in small French oak barrels and includes Getrechetto.

Yet Orvieto would not claim to be a very exciting wine. Umbria's other significant wine would: Torgiano. Its best-known, most successful wine, Rubesco, is virtually a new wine, made from vines first planted, at least commercially, in 1962, when the cellars were established by Dr Giorgio Lungarotti, an oenologist who had made his financial way in the oil industry. The [illegible]

Wine

village on a range of low hills lying between Perugia and Assisi. Rubesco is made from a variation of the Sangiovese of Chianti. Where it differs from that wine, however, is that there is no white wine in the blend.

Moreover, that is not the only wine developed by Dr Lungarotti over the past 20 years. The vineyards now extend to 320 ha, including 60 ha leased, and the grapes planted are both red and white. Only the Rubesco and the white Torre di Giano are DOC wines. The latter contains 70 per cent Trebbiano and 30 per cent of the more distinguished Grechetto.

Cabernet-Sauvignon di Miralduolo (an adjacent hamlet) is 100 per cent Cabernet-Sauvignon, and there is 20-25 per cent in San Giorgio, a full-bodied wine that also includes 55 per cent of Canaiolo. This comes, like all the Rubesco Riservas, from the prized hillside Monticchio vineyards. A DOCG rating has been applied for the Riservas from there, with good cause.

Overall, more white grapes are planted than red, including Chardonnay and Pinot Grigio. The best Chardonnay di Miralduolo is from the I Palazzi vineyard and forms the Riserva. I found the 1983 to have real Chardonnay, oaky character. Ex-cellars, it is the most expensive Torgiano wine apart from the older Rubesco Riservas: L5,700 (about £2.40).

Otherwise I think the reds are the more successful. I found the Torre di Giano a little characterless, though one cannot complain at a price of L3,500 (about £1.60) for the 1984 or the 1985, though the 1982 and 1983 Riservas at L5,200 have more to them. Nor did I particularly care for the Pinot Grigio—but then elsewhere it has impressed me less than it does many Italians. The Cabernet-Sauvignon 1979 and 1980 have almost too much character: wines of enormous colour and concentration, with a good deal of tannin and some acidity that should fall. Yet the flavour is certainly distinguished.

However, the distinctive wine is the Rubesco, especially the Riservas of which I had a cellar tasting, preceded by the normal 1982 which was rich and round. This will have had one [illegible] whereas the Riservas have 18 months in wooden barriques and two in bottle. I sampled seven vintages from 1977 to 1966. The 1977 was a wonderfully rich, round wine and should last for years. The 1975 was drier, and though Dr Lungarotti said he generally preferred it to the 1977, this bottle was less rounded.

The 1974, from a minor year, had a brown tinge, a fine nose, but was a little lacking in character. The 1973 had much more aroma and a very concentrated flavour: a complete wine. The 1971 was thinning; mature but less concentrated. The 1969, with a fine old bouquet and flavour, reminded me of an old claret, but the 1966 had more colour, a "caramel" nose, and was still rich, with lots of flavour. Only the 1977 was listed, at L10,500 (£4.50). Here in Britain it might be nearly double that price, but well worth it for the quality.

Among merchants who list Torgiano wines are Buckingham Wines in the Fulham, Kensington and Great Portland Street branches in London, Hicks & Don of Westbury, and some of the Peter Dominic branches.

Not the least attraction of a visit to Torgiano is the Le Tre Vaselli hotel, built by the Lungarotti family. It has an excellent restaurant in which Lungarotti wines alone are served. These include a méthode champenoise sparkling wine of good quality; a sherry-style aperitif, Solleone Dry; a rosé and a Vin Santo. Just up the street is a wine museum, collected and beautifully arranged by Signora Lungarotti; and down the street

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· D I V E R S I O N S ·

super market

Lucia van der Post

HOW TO SPEND IT

The originals

SOME OF the most charming shops are those that have been there longest and every resident of Covent Garden prays that they will never be swept away by the tides of modernisation and profitability.

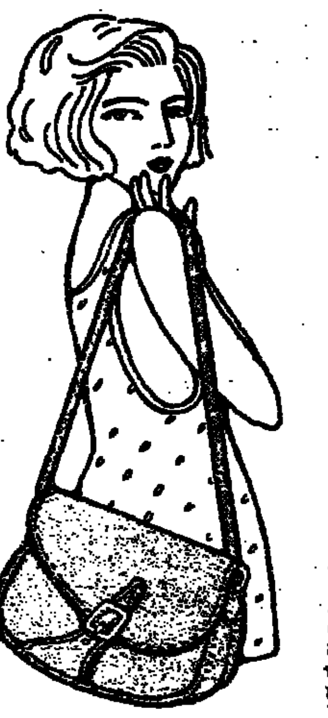
F. W. Collins at 14 Earlham Street is the kind of old-fashioned ironmonger that has all but vanished from England. There sits Fred Collins, as his father, grandfather and great grandfather did before him, selling to a grateful public as little as a single padlock, a few yards of rope, an aluminium dustbin, a zinc bath, a hammer or even just four rubber feet to put on the bottom of kitchen chairs to stop them scraping the floor.

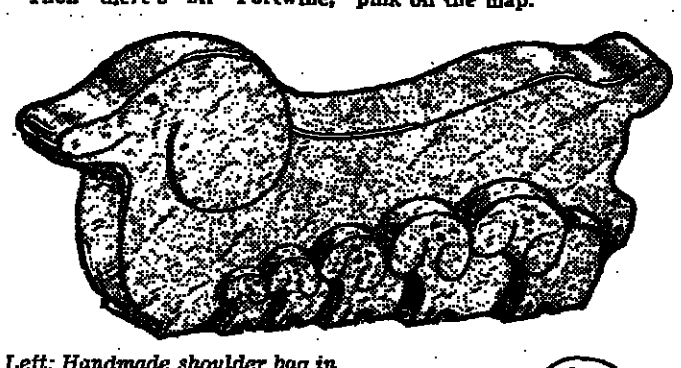
His Nibs at 182 Drury Lane has been there for 55 years and it looks like it. Before you go into the shop, look up at the carved wooden pen above the doorway, then admire the amazing collection of nibs in the window. Inside is a feast for the eye, with fascinating details in almost every corner. It is, as you will have gathered, the shop for those interested in the art of writing, the place for fountain pens and nibs, for quills (much in demand among the graphic artists in the area and used for calligraphy as well as pen and ink drawings), for inks and sealing wax, for paper and books.

Then there's Mr Portwine, the butcher, at 24 Earlham Street. A Mr Portwine has been there at least since 1790 and though young Graham Portwine doesn't go in for too many fancy modern cuts he has that old-fashioned desire to be of service and so he'll do his best to get you anything you want.

Edward Stanford at 12-14 Long Acre has long been a traveller's best friend, purveying the largest collections of maps, charts, guidebooks and atlases in the country. It is probably best-known as the most reliable source of that ambler's friend, the Ordnance Surveys; what is perhaps less well known is that its Department of Overseas Survey sells the best maps and charts to all those countries that once were painted pink on the map.

His Nibs sells pens to women too





Left: Handmade shoulder bag in pale English hide, 4 sizes and styles, from £36 to £43.80, from Countrywide Workshops, at 177 Drury Lane, WC2. For a mail order catalogue send £1.50 (to cover p + p) to Countrywide Workshops, which is a charitable trust selling the work of blind and handicapped people. Above: Solid mahogany dachshund puzzle £9.70. Right: Liberty cotton smocked child's dress. Many colours and patterns available, for ages six months to about ten years, £24 to £30. All from Countrywide Workshops.

Workshops

ONE OF the charms of the central market is that you can often meet the person who designs and makes the object you hope to buy and tucked away in the back streets are flourishing workshops that offer similar pleasures.

In Stukeley Street, for instance, one of the least commercialised of all the back-streets, there is Luke Hughes & Co. where three cabinet-makers, Luke Hughes, Mark Adams and Marcus Cresswell-Turner, have their workshop, make a range of fine and simple oak bedroom furniture as well as making almost anything anybody cares to commission. There is a showroom on one side of the road and the workshops (Bloomsbury Joinery) on the other.

Besides a fine and elegant screen, and some standard club fenders, they are particularly proud of their tables—all made from good, solid, English hard-wood, usually based on the principles of the English refectory table, finished with about 40 coats of linseed oil and designed to last forever.

Next door to Luke Hughes and Co is Charlie Victor who makes his own particular brand of designer clothing in the workshops at the back. Nice crisp shirts and softly casual jackets seem to be his look for summer but he's worth talking to if you have something different in mind.

In Long Acre, at number 65, is The Glasshouse, where there is a shop at the front selling high-class studio glass (at a price) and a glass-blowing workshop at the back. If you've ever wondered how those amazing shapes and colours were achieved this is your chance to find out.

Though most of the prices may seem high to those accustomed to factory-made glass, it is worth remembering that glass-blowing is a highly-skilled craft and that every piece is a one-off.

Second hand

Redress at 51 Endell Street, was one of the first shops in the area to specialise in second-hand clothing and though the selection is small, there are always some smashing hats (fine materials, beautifully made at prices starting from £5—you could buy a marvellously seductive black felt cocktail hat for as little as £15), a selection of fine white blouses, some lacy, some plain, lots of shoes and, of course, dresses from the 30s and 40s, some earlier.

American Classics, 20 Endell Street, is very new but what a find. The best white cotton shirts (intended for men, but there's no reason why women shouldn't wear them) in town—at prices like £7 and £8, they are almost too good to turn up.

There's a vast assortment of authentically old and tattered jeans (if, like me, you're surprised that people want them, you will learn that any jeans made before Levi closed down the last factory that made denim with the authentic original seaming have acquired a cult status and hence a cult price). Two-button Levi jackets with pleating and bar-tacking sell for £150—the older and more tattered, the better.

Sam Walker, 41, Neal Street, sells secondhand clothes for men, but of the more traditional variety. The shop itself is beautifully done, all the shirts are washed and in their own cellophane packets, the jackets clean, the suits well-pressed. If you're finding the current heat excessive, go to Sam Walker's for creamy summer linen jackets—a whole rail at £25 a time. There are suits from £35, shirts at about £12 and it looked like a good place to search for dinner jackets and tails.

Above: Looks better on a girl —fine Panama, £32.50 from The Hat Shop, 58, Neal Street, (p + p £2.50). Below: Dafna Designs (Stall 23 in the Central Market on Tuesdays) offers a range of clowns and Jack-in-the-boxes. This clown on a black moon is about 75 cms high and sells for £16.50 —the range goes from £12.50 to £30.

Etcetera

The Natural Shoe Store, 21 Neal Street, is the place to buy your Bass Weejun loafers, your natural leather boots and, if you must, your Danish clogs.

The Bead Shop, 43 Neal Street, is the place for those who believe in making their jewellery at home. Certainly, they need not lack for choice of materials—every colour of bead and shell, from hand-painted ceramics to bright sparkly glass ones.

Patricia Roberts, 31 James Street, has had an even higher profile since she won the Duke of Edinburgh's special design award for her flair, imagination and her marketing nous. This is the shop to buy the wool to make up the pattern that will give you the Patricia Roberts look at less than designer prices.

Anello & Davide, 35 Drury Lane, is a good old-fashioned shoe shop and this branch mainly serves the theatre world all around it. Ordinary mortals go for the Victorian buttoned boots. There are also plenty of sturdy, sensible shoes for men.

The Hat Shop, 58 Neal Street, is a mecca for the hat-lover. Here they will trim and retrim your hats, sell simple panamas, boaters, trilbys and berets as well as more modish shapes like cloches and drooping Garboesque numbers.

Countrywide Workshops, at 177 Drury Lane, is the first retail outlet forthe Countrywide Workshops Charitable Trust and the first chance for people to see easily for themselves just how good the quality of the products is. Everything on sale and on show has been made by a disabled person but what comes across is the vitality of the objects. They are all made to order, but almost all are repeatable items. It's a good place to hunt for presents — look out for the charming children's smocked dresses, the hand-made wooden toys, the leather bags, the warm country sweaters.

Penhaligons at 41 Wellington Street, is one of the most charming perfumers I know, gently and skilfully pervading an air of unrestrained nostalgia which, given that it is one of the newer arrivals on the scene, speaks of quite a lot of chutzpah. Still, Hammam Bouquet is an old, old scent and most of the floral scents are in a very old-fashioned mood — no strong, chemically-based scents to be found here, just gentle floral essences, most with matching soaps and talcs, oils and soothing lotions.

Gardening

Robin Lane Fox at a nursery with a line in trouble-free roses

No even breaks for suckers

IN EARLY July, my gardening is a battle between suckers and climbers. So, perhaps, is your social life, but in my case I cannot make the climbers go smoothly upwards and I cannot stop the suckers sneaking in behind them and filling them with thorns, prickles and unwanted, pale flowers.

Smooth, swift climbers and sucker-free roses are two of the things which I tend to think are reserved nowadays for paradise. They are a minority taste, big growers tell me, and therefore uneconomic. Personally, I think they are the majority's dream, especially if they knew they were available and were told they could trust them.

I have now killed both these elusive dreams with one stone, or rather, with one nursery in Stone, a Worcestershire village near Kidderminster. At Stone House Cottage nurseries James and Louisa Arbuthnott sell a remarkable range of shrubs, hardy border-plants and climbers, many of which I could not be confident of recognising. They also sell sucker-free roses.

Above all, they have planted the walls of their own adjacent garden with many of the climbers they sell. Before you buy them, you can see their abilities, proven on a Worcestershire wall.

Perhaps you can already tell an Asteranthera from a Billardiera and know exactly which you want. If, like me, you have little idea, Louisa Arbuthnott will tell you which will suit you better and produce it from one of her polythene tunnels, endless cold-frames and the thousand and one pets which she maintains, along with various children, sheep and an enchanting garden of considerable size.

English women's gardening has had great attention lately, but my own bet goes on Louisa Arbuthnott as the heir in the yonger generation to the well-known names of the past. She is probably a better propagator than any of them.

She and her husband met on a weekend at the Wisley fruit group, a fitting venue for the cross-pollination of two keen gardeners. In the growing season, they run the nursery, family and garden with next to no help in the winter, she catches up on labelling, while he busies himself with brick-laying, adding some notable towers to their walled garden.

They issue a tantalising list, but refuse to supply plants by post. Until December 1, they are open to visitors from Wednesday to Saturday, 10 am to 6 pm. "We are not a garden centre," their nursery-list insists, and visitors can contribute to a collecting-box for Ethiopia.

You have to enjoy rummaging around on your own and decoding the Arbuthnott labelling system and its gaps. The climbers (£2.50-4.00), the roses (£2.50), the rare shrubs (£1.50-£4.00) and their increasing range of special hardy plants (up to £1) are worth a punt.

Asteranthera, in fact, is a fast-moving climber from Argentina; it sounds charming, though you may find that it uses its hands, not its feet, on the way up. Billardiera is a quieter plant with pleasant leaves like a vigorous Jasmin. Its charm is said to be its berries in late autumn.

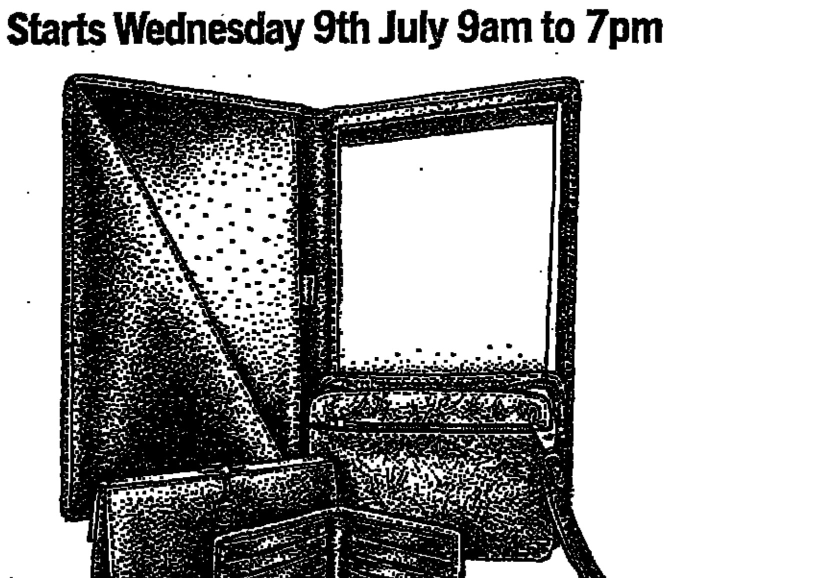
I wonder whether the nursery-garden is more sheltered than mine, but you can never be sure on a warm wall. I am more confident of the 15 honeysuckles in the Arbuthnott list, the copper-yellow Lonicera Tellmanniana is particularly charming for gardeners in semi-shade.

At Stone House Cottage, roses are only one sub-division of a husband-and-wife enterprise. They are all grown on their own roots, saving you the bother of cutting prickly suckers on a hot afternoon. I would gladly accept a smaller plant and a slower start in order to avoid crawling through the under-growth of big rugose roses and the back of a climbing Maigold.

Admittedly, you have to go to Worcestershire, but if the journey is long, the result is worthwhile. If you do make the trip, may I warn you to turn right quite early in the drive which is shared initially by the big Georgian Stone House and the smaller Stone House Cottage? I failed to fork off and walked confidently into the main house where I waited briefly with a most helpful gentleman who was watching the Oaks being run on TV.

It was a short while before we realised that I was hoping for a variegated Jasmin and he was hoping for a peaceful snooze in his host's sitting room. I would hate to think that I was to be responsible for ruining his Goodwood later this month.

Ann Winterbottom



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Harrods

To water or not to water?

Arthur Hellyer writes that hot, parched plants do need watering, and surveys the equipment available, from sprinklers to the small hand-operated sprayers which stop you from overdoing it

LIKE FARMERS, gardeners are in constant battle with the weather. One moment it is too cold, another too hot; the soil races from a condition of being too wet to be worked, to being too dry to be planted. Of course we all exaggerate, taking delight in dramatising the situation and displaying our own resolution in adversity but it is certainly a fact that most summers, even in cool and cloudy Britain, there are numerous occasions when an extra water supply will do a lot of good in the garden.

Gardeners frequently tell me that they never water because it does more harm than good. Let plants forage for themselves, they say, and they will soon learn to direct their roots downwards in search of water. Pamper them too much and all the roots will be near the surface and then woe betide them when, for some reason or other, the generous water supply is discontinued.

I regard this as an argument in favour of making quite certain that the water supply can be kept going than for not giving any extra water at all. Market gardeners, who are dependent on having good crops, know this full well and are prepared to invest large sums of money on irrigation.

It is possible to spend quite ... sprinklers for watering lawns, can be very labour saving. If properly installed they are also very efficient but turf can be watered just as effectively in other cheaper ways, some of which are more adaptable for use all round the garden.

I have used all manner of watering devices, from porous pipes which allow water to ooze out so gently that not a leaf gets wet to impulse sprinklers which throw a great plume of water right round a full circle or over any segment of a circle. The oozing pipe, which I have not seen on sale for some time, can be very useful among alpines or grey-leaved plants, many of which are accustomed to getting most of their water from below with little falling from above. Impulse sprinklers are popular with large-scale vegetable growers who want to apply a lot of water quickly. It is the sprinkle systems between these two extremes that are of greatest interest to most gardeners and they divide roughly into two types, rotaries and oscillators.

Rotaries are usually spun around by the force of the ... and, if they do stop spinning, it is usually because a jet has become blocked, a fault that can be rectified very quickly with a pin or a piece of fine wire. The two shortcomings are that they do not always give a very even distribution and that the water is thrown over a circle, whereas most gardens or garden plots are more or less rectangular.

The oscillator overcomes these difficulties by throwing a fan of water backwards and forwards, so covering a rectangle the pre- ... the tap, partly by altering the swing of the oscillator by turning a knob which adjusts the lever operating it. Power comes from the flow of water over a cogged wheel inside the sprinkler. It usually works faultlessly for years but it is not quite so simple and fool-proof as the rotary sprinkler.

The latest development in rotaries is the Pioneer from Hozelock which not only spins but also gyrates so that the water is hurled high and far. It has three alternative nozzles, any one of which can be mounted. I am impressed by this sprinkler as it does give a very even distribution of water which comes down almost vertically like rain, so giving good penetration through foliage.

Like conventional oscillators it is the flow of water over a gear system within the machine which operates it and I am not too clear how one could get at this should anything go wrong but the head can be unscrewed easily to enable the nozzles to be kept clean.

The most important thing about watering is to give sufficient. It is easy to make the surface deceptively wet and leave the plant roots unsatisfied. With most sprinklers, it is necessary to let them play for at least an hour on each area watered. If in doubt, wait for about an hour after watering and then dig a hole with a trowel. You may well be surprised at what you find.

Spraying also requires suitable equipment and I find that my own choice has undergone a considerable change in recent years. I used to look for machines that would hold at least half a gallon and I still ... them much less than I used to. Instead, I do a great deal of spraying with the cheapest of all equipment, the little plastic trigger-operated sprayers, some of which can be purchased for less than £1.

The plastic pumps do not last very long, perhaps three or four months, but at some shops it is possible to buy replacement pumps without the containers and, even if one throws the whole thing away when it starts to give trouble, the cost is insignificant.

What has converted me to these mini-sprayers is that they do not tempt one to spray too much. When you have fixed up a gallon spray you are apt to feel that you must use it up while it is fresh. With a mini-sprayer you can mix half a pint, spray the dozen or so plants that really need it and throw away anything that is left. If economises on chemicals, saves money and reduces the risk of harming plants or creatures.

These cheap, one-hand sprayers do not, as a rule, have adjustable nozzles and they vary quite a lot in the size of water droplets and width of spray cone produced. I like to have two or three around, differing in these characteristics so that I can choose one to suit the work in hand, a wide fine spray for fungicides, a narrower, more

Wardley Unit Trust Managers Ltd (a) ... Cannon Assurance Ltd—Continued

Financial Times Saturday July 5 1986

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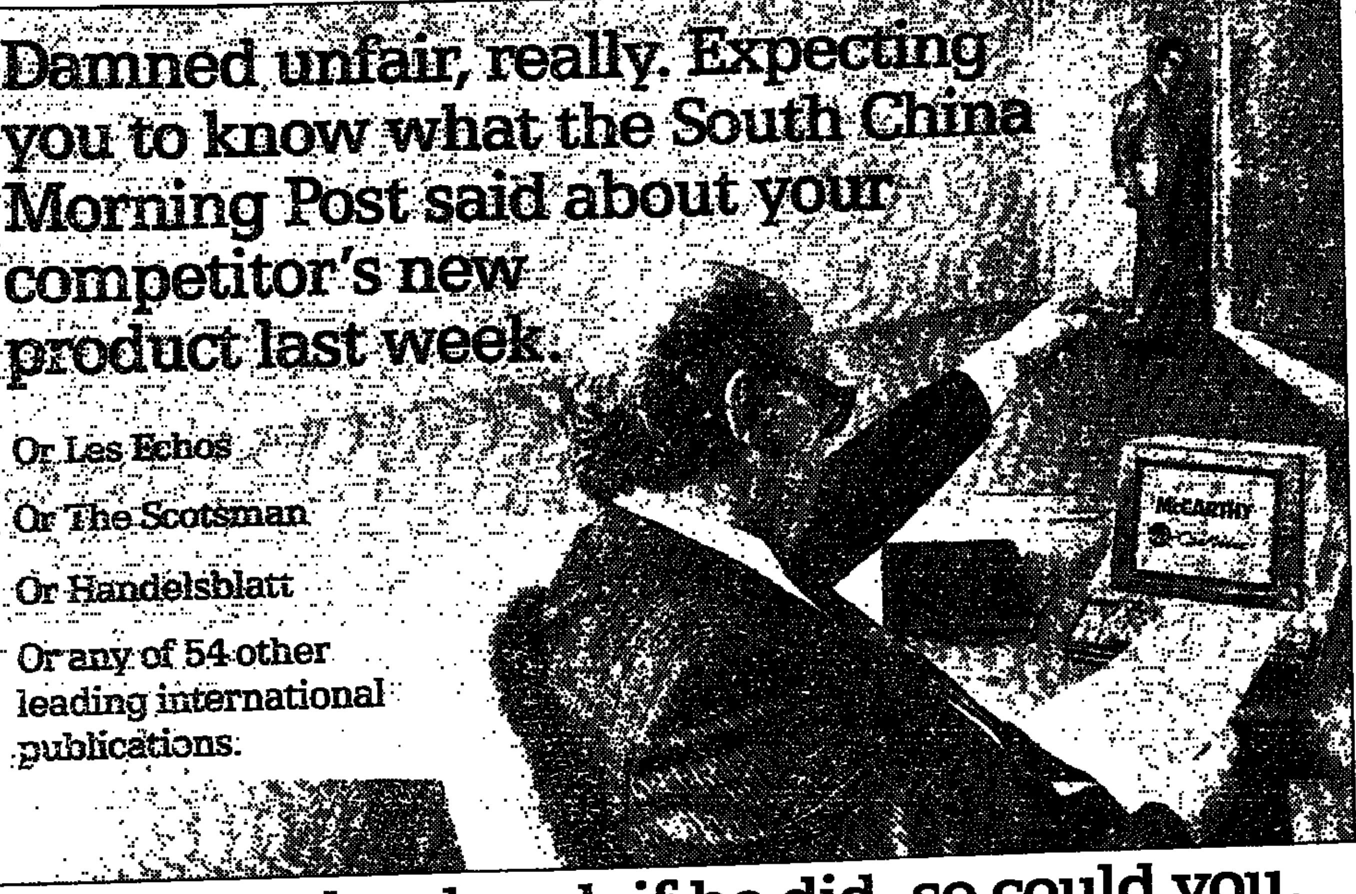

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Free Trial Offer

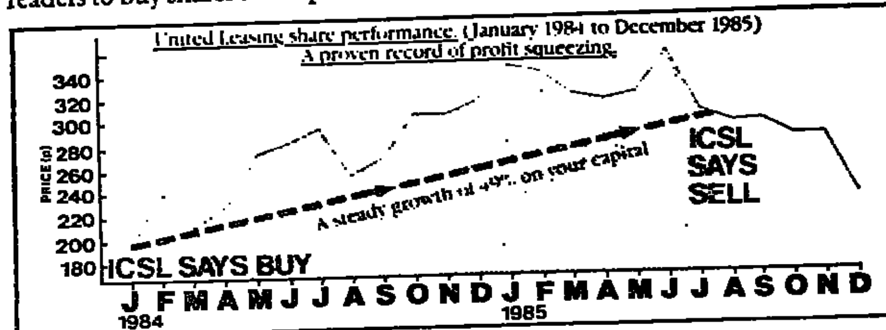
Discover how to squeeze the maximum profits from the stockmarket...

On Wednesday 4th January 1984, a number of investors were personally sent letters from the offices of the IC Stockmarket Letter discussing, among other things, the fortunes of United Leasing.

After analysing changes in United's accounting policy, the growth of its foreign subsidiaries and its close association with IBM, the author urged readers to buy shares at 200p each.

Tuesday evening, the IC Stockmarket Letter contains four closely-typed pages of detailed information on U.K. shares.

The IC Stockmarket Letter is not sensationalist. It is a 'tip' sheet whose recommendations are based on a combination of sound analysis and stockmarket 'feel'.



Ten weeks later, when the share price had already risen by 10%, United was awarded an "A" grade rating by the correspondent.

His predictions were well-founded for by the beginning of July, as investors were informed by post, the share had risen to 292p. And despite a slight dip of 27p over the next two weeks, readers were reassured that the year ahead looked "very promising."

Exactly twelve months later, the advice changed abruptly and the author of the letter expressed growing concern about the shares: "... the shares may struggle for a while," he wrote, noting IBM's own moves into the leasing market. At this point the price was 298p and investors were tipped to sell.

As the graph above shows, the share price which had been climbing began a slow decline. At the end of June 1986 it was down to 155p.

But had you been one of the recipients of the letters concerned, following the recommendations closely, you would have realised growth of 49% on your capital. In other words, for each £1,000 invested, you would have received £1,490 back.

The advice about United Leasing is very typical of the precise investment suggestions which come from a well-known City figure – Jack Easterbrook.

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Indeed, you have only to examine our track record on any area we cover, from New Issues, to the Unlisted Securities Market, to see how we aim to squeeze the greatest possible profit from every situation.

The statistics which make up our success.

The IC Stockmarket Letter has been assisting investors for thirty-nine years, and while longevity is not in itself proof of our success, it is certainly an indication of our continued popularity.

For absolute confirmation of our ability to help make you money, you may prefer to look at the statistics.

• By following our advice on promising New Issues you could have realised incredible profits. Backing Alexandra Workwear, for instance, would have earned you £3,200 for every £1,000 invested. £2,340 for £1,000 worth of shares in Park Hall Leisure.

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In the last year for example, we tipped shares like Sekers, up from 57½p to 130p: Walker & Homer 10p to 20p; and Dewhurst 'A' 21p to 48p.

The chart illustrated below records the performance of all new recommendations made in the second half of 1985.

It outlines what gains you could have made if you'd been one of our subscribers. We also show the losses (we don't pretend to be perfect). There are four of these out of 34 recommendations, and two are all-square. The average gain is 40.2%.

How our selections have performed.

List of ALL ICSL recommendations from July 1985 to Dec. 1985 Company name	Rec. Date	% gain at 30.6.86	Your share value for £1,000 invested
Bassett Foods	11.12.85	+14%	£1,140
Simon Eng	4.12.85	+36%	£1,360
W A Tyzack	4.12.85	+27%	£1,270
Amersham I	27.11.85	+38%	£1,380
Dewhurst 'A'	6.11.85	+129%	£2,290
Edbro	6.11.85	+25%	£1,250
Media Tec	20.11.85	0%	£1,000
Magnolia	13.11.85	+62%	£1,620
WW	20.11.85	+97%*	£1,970
Bridon	2.10.85	+61%	£1,610
Bespak	30.10.85	+3%	£1,030
Chapman I	23.10.85	−10%*	£900
Albert Martin	9.10.85	+39%	£1,390
Nurdin Peacock	9.10.85	+16%	£1,160
Platignum	2.10.85	0%	£1,000
Sekers	23.10.85	+130%*	£2,300
Acsis Jewellery	18.9.85	−37%	£630
Howden	4.9.85	+22%	£1,220
Macarthys Pharm	18.9.85	+109%	£2,090
Raglan	11.9.85	+24%	£1,240
Sheldon Jones	25.9.85	−6%	£940
Weir	4.9.85	+34%*	£1,340
British Land	7.8.85	+20%	£1,200
Brixton Es	7.8.85	+21%	£1,210
Carr Milling	28.8.85	+38%	£1,380
Forsayth	28.8.85	+9%	£1,090
Greenwich Res	28.8.85	−21%	£790
Greggs	7.8.85	+47%	£1,470
Land Sec	7.8.85	+18%	£1,180
Brickhouse Dud (Share offer by Glynwed)	24.8.85	+102%	£2,020
Cartiers	3.7.85	+95%	£1,950
Lookers	31.7.85	+75%	£1,750
TVS	10.7.85	+48%*	£1,480
Walker & Homer (Cash offer)	17.7.85	+100% *At time of sale	£2,000 (Cash offer)

You can trust Jack Easterbrook's experience.

IC Stockmarket Letter's editor has been watching the markets virtually every working day for the last thirty years. Formerly a senior fund manager, he was Companies Editor on Investors Chronicle before taking charge of the IC Stockmarket Letter. The huge experience and incredible network of contacts at his disposal make him the acknowledged expert in this field.

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24 July 1985.

"There has been a slight firming up in the non-voting 'A' shares of Dewhurst and Partner recently, but at 21p they still look a very good punt."
6 November 1985.

These same shares have increased in value by 129% (from 21p to 48p as at 30-6-86).

"The group (Walker and Homer) has undoubtedly found a new lease of life since chairman Mr. David Mears backed his Lifestyle Upholstery into it some two and a half years ago. Assuming profits no higher than last year's the PE ratio is 4.5. With no debt, the company is in a strong financial position. The shares are worth a punt."
17 July 1985.

By following the IC Stockmarket Letter recommendation your shares in Walker & Homer would have doubled in value in three months.

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Yours sincerely

John Greig

John Greig
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IC Stockmarket Letter

... balance of Sauvignon Blanc and ... like a union overtime ban will ...

• D I V E R S I O N S •

Stuart Marshall takes a spin in the tall thin mini from Daihatsu

The Domino knocks spots off the rest

IF ANYONE ever succeeds in squeezing a quart into a pint pot, it is odds-on he will be Japanese. He could even be the designer of the Daihatsu Domino, which really is a remarkable example of space utilisation in a very small car.

It is just six inches longer than a Mini but it has four large passenger doors and enough headroom for six-footers to sit comfortably upright, front or rear, and to enter and leave it with dignity.

The secret is its height. When you are short of space, as New Yorkers discovered 80 or more years ago, you build upwards. What applies to buildings in city centres applies to cars, too. The Domino is as roomy as it is because it is tall and thin. Should you be well built you might find yourself rubbing shoulders with whoever is sitting alongside, but the Domino remains a miracle of spaciousness. It is also most entertaining to drive.

The engine is of 846 cc capacity and is set sideways to drive the front wheels—any other arrangement would be unthinkable. It puts out a muscular 44 horsepower at 5,500 revolutions a minute and has only three cylinders.

Daihatsu says that makes the individual cylinders the right size for efficiency. No doubt, but it also makes the engine sound and feel rather odd at low speeds when it has a curiously fluttering note and creates some vibration. As the revolutions rise, however, it gets smoother and smoother until at maximum speed—84 mph officially but around 90 mph downhill with a following wind — it is no different from a well-balanced four-cylinder. When accelerating hard, the noise the Domino made reminded me of a Jack Russell spoiling for a fight with a much larger dog.

I cannot recall driving another very small and cheap car that felt so nippy as the Domino. The five-speed gearbox is so light that the lever flicks to and fro like an electric switch. If you take off smartly in first on a wet road, there is enough torque to spin the tiny wheels. It storms up hills, fully loaded, in third gear. In fifth, you can hold 70-75 mph on a motorway and still know you have something in reserve.

Good though the Domino is on the motorway, it is naturally seen at its best in town. No gap seems too small for it to exploit; no car could be more parkable. The visibility over the minute bonnet lets you see the road within a few feet of the front bumper, which is of knock-resistant plastic and incorporates an aerodynamic spoiler. Although it is high built the Domino is a surprisingly slippery car, with a drag figure better than that of many a larger car. Wind roar is kept to a minimum and a car wash does a thorough job—there are no nooks and crannies in the body for the brushes to miss.

The ride is not at all bad. It is better by far than the dear old Mini's, perhaps not quite as good as a Metro's. The suspension is all-independent and the wheels are of Mini size. They tend to fall into potholes that larger-diameter wheels ride over but the springing, although fairly firm, deals capably with medium and long waves and can still be heard on the motorway. If you do push the Domino hard into a bend it enters into the spirit of the thing and feels very nimble, although this is hardly the manner in which a typical owner will use it.

The upholstery of the seats is thin, to maximise interior space, but the cloth trim is attractive and I was ready for more after a stint of 200 miles.

As always with Japanese cars the equipment is astonishingly comprehensive, especially in view of a showroom price of £3,995. The instruments include a rev counter; the wipers have two speeds plus an intermittent setting; the heating and face-level ventilation are effective; and rear seat belts are standard. So is a push-button radio, which is not exactly hi-fi but receives the programmes to which most people listen on medium and long wave and can still be heard on the motorway.

There is an internal release for the tailgate which opens on to an understandably meagre luggage compartment—after all, the rear panel is almost vertical—but is no worse than a Mini's. By folding down the rear seats, quite bulky things can be put on board.

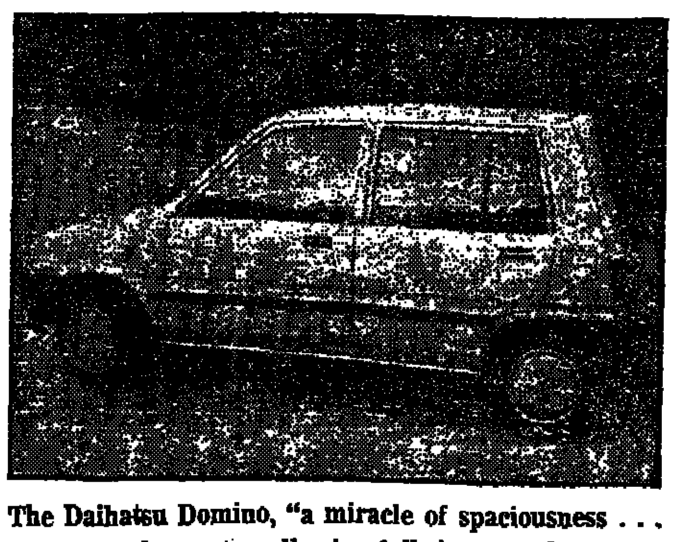
Halogen headlamps and laminated windscreen are also standard equipment. There are childproof locks on the rear doors, reclining front seat backrests, and an enormous cubby-hole on the passenger's side of the fascia—large enough to take my wife's handbag.

Daihatsu says the Domingo will do 70.6 mpg at a constant 56 mph, and that makes it the most economical petrol-engined car on sale in Britain. In the real world such figures are never approached, but a sensibly driven Domino should have no difficulty in bettering 50 mpg on a journey.

Everything works with precision and the Domino carries an eight-year anti-corrosion warranty.

Every time I drove it, I found myself marvelling that so small a car could be so clever at swallowing full-sized people and performing better than it had any right to on only three cylinders and 846 cc.

If the gentlemen's agreement between Japan and our car producers did not exist, what the Domino might do to the run-about market hardly bears thinking about.



The Daihatsu Domino, "a miracle of spaciousness . . . so clever at swallowing full-sized people"

Collecting

Old magic, by gum

AN AURA of old magic still lingers about human teeth. Everyone knows, after all, that a newly detached milk tooth placed under the pillow is likely to change into a coin overnight.

The folklore of most civilisations attributes special properties to teeth because of their extreme durability. When ancient people observed that teeth survived after the flesh and bone had decayed, they attributed immortality and supernatural properties to them. "In ancient societies the tooth was not merely used in mastication," writes Elisabeth Bennion in *Antique Dental Instruments* (Sotheby's Publications, £19.95). "It was a weapon of defence, used in speech, as a tool, a charm, an adornment; an instrument of ire, an aid to digestion, a secondary sexual weapon and displayed in pleasure."

Ms Bennion's book is a companion to her now classic *Antique Medical Instruments* and ranges far wider than the title indicates in its survey of two millennia of dental habits and attitudes.

In essential form the basic instruments of dental surgery have changed little, though some of the old "pelicans" and tooth-keys used for loosening and prising out stubborn molars are awesome, especially considering that they were used without any form of anaesthesia.

That most fearsome of the dentist's weapons, the drill, dates back in its modern form to 1872 and Morrison's Patent Treadle-driven Dental Engine. Its predecessors must have been at least as painful and much slower: Ms Bennion illustrates hand-drills of archimedean and bow form, and a Victorian hand-held clockwork drill said to be ferociously noisy.

Although dentists used painkillers of varying effectiveness from the earliest times, modern anaesthesia was first employed by an American dentist called William Morton, using ether, in 1846. About the same time another American, Dr Horace Wells, was experimenting with laughing gas (nitrous oxide) and chloroform which were subsequently used as alternatives or in combination with ether.

Dr Wells himself, who first encountered nitrous oxide at a "laughing gas" party (early 19th century rakes were addicted to the intoxicating effects of the gas), might have been the original of Dr Jekyll.

Janet Marsh investigates the strange world of dental apparatus

His experiments came to an end when, under the influence of chloroform, he threw acid over some prostitutes and was sent to prison, where he committed suicide.

From the middle ages until the last century, the transplanting of teeth was much practised: there seems to have been no shortage of people willing to sell their teeth for the purpose. It was advisable indeed to have several volunteers standing by, so as to choose the best-fitting tooth. A 18th-century dentist described replacing a princess's tooth with one drawn on the spot from her lady in waiting. The recipient generally inherited terrible infections, along with his new teeth.

Although the Etruscans were using them seven centuries before Christ, artificial teeth proper did not come fully into vogue until the late 18th century. Every sort of material was tried—gold, silver, lead, ivory, bone and porcelain, which was inclined to crack or to grate unpleasantly. A vast number of *dentures* were constructed from human teeth, often plundered from graves or battlefields—hence their name of "Waterloo teeth." In the 1880s celluloid was used briefly, but its extreme inflammability was inclined to prove catastrophic to smokers.

One of the most celebrated wearers of artificial teeth, George Washington, tried many different materials, which must have been effectively tested by his habit of soaking his dentures overnight in port. Disraeli said that Lord Palmerston's halting manner of oratory was conditioned by the danger that his false teeth would fall out.

The first person to devise a way of securing an upper denture was the great 18th-century French dentist Fauchard, who used a spring to attach it to the lower set. Unfortunately Fauchard's spring was so strong that the wearers had great difficulty in forcing their mouths shut. Not until the 1830s did an American devise the method of attaching the upper plate by suction pressure.

The tools of the dentist's trade provide a wide field for the collector, from ether inhalers, dentists' chairs and brutal devices to open the mouths of unwilling patients, to the exquisite instruments in carved ivory and chased steel made at the end of the 18th century and the beginning of the 19th. With the awareness of antisepsis, dental instruments became more functional and much safer, though less appealing to the connoisseur.

Apart from these the collector might concentrate on printed, ceramic or other representations of the tragi-comedies of tooth-drawing; or the range of domestic aids to oral hygiene. Tooth brushes were in regular production from the mid-18th century, and have hardly changed their form since the start of the 19th. A writer of 1843 however notes that "Delicate females, who take great care of their mouths . . . should use a soft brush. Men, who clean their teeth but seldom, require a hard one."

Gentlemen had more need, it seems, of tongue scrapers, which were made in profusion and variety in the last century, and were evidently necessary for mornings after in an era of hard, high living.

Ms Bennion's book offers not only entertainment and scholarship (there is a valuable directory of instrument makers to assist the dating of signed examples) but is notably well designed. In a period of rudely functional book production, even the endpapers—ingeniously patterned with the profile of scores of instruments—merits notice.

Archaeology

Dirty work on a grand scale

A hot and thirsty Gerald Cadogan reports on the progress of his latest Cyprus dig

WE HAVE started digging again at Maroni on the south-east coast of Cyprus. Happily this winter's thistles were fewer and shorter than usual at the Late Bronze Age site of 1600-1200 BC so we could start quicker on trying to sort out what happened here over 3,000 years ago.

Already, we have more of the plan of the grand public building of 1250 BC — and of the vandalism done to it by later stone robbers, which leaves us to find a building in negative and rely much on the imagination. And after a friendly colleague came to examine our copper and bronze remains, we are sure that Maroni was important also as a centre of the metal industry. The puzzle is why the early Cypriots wanted to be smiths in a stately building which looks far too grand for such dirty work.

It took five days to get started, which is fast. There was the usual rush of arrangements, shopping and meetings. The foreman was replaced and the village president (the mukhtar) proposed himself to keep the lists of workmen and represent them. We raised wages £11 to C£9 (£12) a day for workmen. They and I had reached the figure independently. Social Security will be around 20 per cent on top of that.

Rooms were found in the village, and food ordered by the crate and wine by the demijohn. The team began to arrive: one must assign them to the right houses — and roommates. As director, I played hotel booking clerk, quartermaster, accountant and my own "gofer."

Scientific archaeology seemed far away until, on the sixth day, we attacked the thistles at the site and the real work and regular timetable began. It is up at 5 am, catch the village bus at 5.45 and work in the trenches from 6 to 2.30.

That is starting an hour earlier than most digs in Cyprus but all here who have a view on such matters agree it is a good thing. There is 10 minutes for water and biscuits at 9 and half an hour for lunch at 11.30.

In the afternoon, there may be a swim or a siesta. Then we sort the pottery in the potshed in the village, or catalogue finds, or draw them or run the water sieve to look for seeds and shells and other organic remains, which will tell us what the place and the daily life were like in ancient times. Dinner is at 8. Then to bed.

The academic sponsors, as before, are the British School at Athens and the University of Cincinnati. While the school celebrates its centenary in Athens, with Miss Melina Mercouri and Lord Hailsham on the platform for a lecture by Professor John Boardman on "Britain, Greece and Archaeology," we are getting on with the job.

Both sponsors have given money, and our other major contributors are the British Academy, the Institute for Aegean Prehistory (of New York), the A. G. Leventis Foundation and the FT. And there are many generous private donors on both sides of the Atlantic.

This year's aims are to recover as complete as possible a plan of the large building, which we have christened the Ashlar Building after its dressed limestone masonry, reminiscent of Portland or Indiana limestone, and to work out more of its building history and relations with the buildings around. This should help answer why it was built where it was—on an isolated knoll outside the main Bronze Age city—and what its function was and why it was no longer needed in the 12th century BC.

The place was abandoned then, while the cities on the east coast of Cyprus flourished. We have known for some time that one of the functions of this building was making olive oil. It has one of the two oldest olive presses in Cyprus and probably controlled production and storage of this essential food in the region.

We had also suspected that copper and bronze smithing happened in the building; but only when Professor James Muhly came to have a look at our finds from earlier campaigns was it clear just how much evidence there is. We have furnace debris from smelting the ore; spillage from the next stage of melting it (to make tools and weapons); bits of finished objects, probably there as scrap; and one or two pieces of copper oxide ingots.

Shaped like cows' skins, they are how the Late Bronze Age Cypriots cast their metal, perhaps as an easily recognisable and portable shape intended for export. The ingots weigh up to 35 kg or 40 kg. A cargo of at least 300 is being dug now underwater off Kas, south-west Turkey, which were being taken presumably to the Aegean as a most valuable load.

Our lot is not up to that level, but it does allow us to guess that the ore came from the Kalavassos mine in the Troodos foothills five miles away; and that our Ashlar Building was rich partly on metal bashing.

What we do not comprehend is why the debris is found in such a fine building, unless — a remote chance — it was brought in as fill from somewhere outside.

Finally, our metal is important evidence that the Cypriot tradition of bronzesmithery was older than used to be thought. Struts and pendants show that already in the 13th century BC they could make the elaborate stands for which they were famous in the 12th century. It is a small item in itself but it helps to define what the country could do of its own rather than having to suggest foreign influences. And Cyprus is a country which as many foreigners were ready to influence then as now.

So we are off again unravelling the thread of what happened around the time the Greeks came to settle in Cyprus. We always work backwards in archaeology. What is later comes out first. Then we turn it around and put a forward looking interpretation. It is tiring, and hot and thirsty, and great fun, squeezing history from the dirt.

Saleroom

Turner shows sketch appeal

FOR ANYONE dipping their toe into the art market, English watercolours hold an obvious attraction: they are small, they tend to be pretty, they can be cheap, and, damn it, they're British. Next week both Sotheby's and Christie's are holding their best sales of drawings and watercolours for some time, and although few of the items on offer will go for less than £500—Christie's sells its cheap stuff at South Kensington while Sotheby's find that they do better at its provincial salerooms — recent history suggests that this is a solid market.

In the past season the finest watercolours, and even those of medium quality, have shown a reasonable price appreciation; the run-of-the-mill have probably dropped in value.

Appropriately, Turner, the greatest English watercolourist (and artist?) dominates both sales on Tuesday. Christie's is offering a view by him of Lake Maggiore, once owned and loved by Ruskin, which it hopes will sell for more than the record £197,000 paid for a Turner watercolour at Sotheby's, New York.

Sotheby's hits back on Thursday with probably the only one of Turner's three hundred sketchbooks likely to appear on the market—virtually all the rest are safely in the Turner Bequest at the Tate. It descended through his landlady and is the fruit of his old age, a hundred sketches of the Channel, probably captured in 1845. Sotheby's is constantly raising its forecast, which now stands at £150,000. These rudimentary sketches were once casually dismissed: now they are regarded as the epitome of genius.

In contrast, Sotheby's is offering another sketchbook which has aroused much more controversy by the dominant artist of the Norwich School, John Sell Cotman. The daubs on the sixteen sheets are much less refined than in Cotman's completed work and although all the Cotman experts, led by Dr Miklos Rajnai, are convinced of their authenticity there are doubters and Sotheby's has settled on a wide forecast of £50,000-£100,000.

Second thoughts have also caused the withdrawal of a "self portrait" of John Frederick Lewis. This surfaced on the BBC's Antiques Roadshow where an expert confidently stated that the bearded man in eastern dress was not only by Lewis but was actually that peripatetic artist. Now there are doubts: the beard hides the face, making a true identification difficult. To save tears the vendor has withdrawn the lot. There are, however, no doubts about a vigorous bullring scene by Lewis which carries a modest top estimate of £30,000: in 1964 Sotheby's sold it for £170.

The same names appear at every watercolour sale: the currently popular mid-19th century topographical artists such as Thomas Shotter Boys—Christie's has half-hopes of topping £50,000 and setting a new record for his view of the Notre Dame—the much collected, short-lived, Richard Bonnington from whom Sotheby's offers five exquisite works; Edward Lear, who features in both

An Old House in the Rue de Zefferin, Mechlin, Belgium—by Mary Ellen Best

There are curiosities. Christie's has a series of views of Fonthill Splendens by Hendrik Frans de Cort. This was the magnificent Palladian mansion built by Alderman Beckford in 1768, and pulled down less than 40 years later by his eccentric son William. Records of this short-lived mansion are very rare, and iiestimates seem modest.

The chief curiosity at Sotheby's is a group of 20 watercolours by the 19th century artist Mary Ellen Best. She painted for pleasure and was completely unknown until her work surfaced at Sotheby's New York in 1980. It touched a popular nerve, in particular the minute depictions of the interiors of the homes in which she grew up. These have much appealed to an age dominated by the ideas of the interior decorators and a set of three interiors of her Frankfurt home around 1844 carry a top estimate of £15,000.

At Sotheby's on Monday, a Gainsborough drawing of a milkmaid sold for a record £220,000, which raises expectations for the Gainsboroughs on offer next week, in particular two fine rustic views at Christie's which should beat £30,000. Sotheby's has a Constable of "Stanway Mill," a favourite subject, and a scene which could beat the auction record for a Constable watercolour of £48,000, set in April at Phillips.

Soho treasure hunt

FOOD FOR THOUGHT

WHO HAS been into the market in any French or Italian town and not felt envious? The hillocks of fresh herbs, the smelly tumuli of cheeses, the chains of different sausages flecked with spices, the fresh shrimps, the wild mushrooms in season, the dandelion leaves, the feuille de chene and treviso *lettuces, asparagus from the* hills and fraisees des bois.

But where do we find them here in Britain?

If we are lucky, we make their fleeting acquaintance on the shelves of one of the more enlightened supermarkets or glimpse the odd item in a terrifyingly expensive "gourmet food shop." Outside London you are unlikely to see them at all.

It's no good ducking the issue We simply do not have the easy access to the variety and excellence of ingredients that any French or Italian food shopper takes for granted. So we must tackle the problem a different way, and look for other compensations.

We may lament our lack of choice and of convenience of supply, but it is possible to find our raw materials here if you are prepared to take the trouble. *It is a matter of tracking them* down, of building a list of sources. The search for them takes on the excitement of a *treasure hunt*: or perhaps a truffle hunt might be a better comparison in these truffle-depleted days. London, with a rich stock of food shops that have been built up over the years, provides greater possibilities than you can expect elsewhere.

Take, for example, a Saturday morning's shopping in Soho.

Pause for a moment outside Richards, the fishmonger in Brewer Street, contemplate that great slithering, glittering slab of fish. A live crab waves feet and claws in somnolent greeting. Handsome *blue lobsters* peer up at you. Impertinent cockles stick their tongues out of their shells. There are bags of *irridescent* metallic mussels, an octopus in flaccid repose on the righthand side, brill, sole, salmon, sea trout, plaice, turbot, halibut, carp and the more exotic tilapia and espada. There is a rush of gastronomic inspiration.

"A couple of pounds of *mussels*." They *look very good*.

"A couple of pounds of mussels, sir."

"And what are those?"

"*Razor clams. From France*."

"I'll have some of those."

The gentlemen at Richards serve with the patient truculence of men worn down by the hesitations and idiocies of their customers.

"And a couple of brill." They look as if they have been swimming this morning.

"And a couple of brill."

Nellie collects the money. *Now turn and cross the road to* peer through the window of Randall & Aubyn.

Randall & Aubyn has three *windows, but it is the left hand* one which captures the imagination. While it is quite small, it presents an extraordinary variety of meats—*Scottish beef*, Dutch veal, Welsh lamb, French chickens, kidneys and liver and calves' sweetbreads and lambs' brains. A rack of black and white rabbits hang from an iron bar. A little posy of snipe, a brace of pheasants some mallard in season—and once two moorhens. Go inside and you enter old Soho, the community that has has all but disappeared, personal, idiosyncratic, independent.

Afetr some debate calves' sweetbreads and a wild rabbit slip into the shopping bags that are beginning to take on the weight of success.

Turn left up a short alley between ... shops and strip ... Berwick Street market. There is a *lower end* to the market, towards Shaftesbury Avenue, devoted to more recherché items and higher prices. But here between Brewer Street and Broadwick Street there is the real bustle of the market. There is an abundant order of fruit and vegetables, if not the range and variety one would like.

But the prices are low, and the quality, by and large, good. Five pounds of tangerines are tossed nonchalantly into brown paper bags; followed by a pineapple, two pounds of Italian chestnuts, some bulbs of fennel, *a few heads of chicory*.

Deposit those in the car, and set off for Old Compton Street and the pleasures of Camisa. There is another Camisa shop in Berwick Street, but it does not hold the magic of the long, narrow, crowded emporium in Old Compton Street. It has a *hanging garden of salamis*, sausages and pecorino cheese. There are banks of beans, chick peas and lentils, neat plastic trays of fresh pasta, and piles of black and green olives. You have to duck about to catch a glimpse of the helpers behind the counter. Breathe deeply *of those exquisite smells* of freshly ground coffee and olive oil and basil and salted anchovies and garlic and salami while the taglerini, a hunk of parmesan and 4oz of black olives in oil are wrapped, packed and totted up.

The final stop in Soho could hardly present a greater contrast. Inside the Algerian coffee shop, on the other side of the road, there is order and tranquility. There is coffee, kept in tall, red tins. There are gleaming new devices for making coffee; Napoletanas, 12-cup mocha espresso pots, and proper espresso machines for your kitchen, a snip at £275. There are teas, too, dozens of *them, and glass jars containing* cardamom, vanilla pods Talli cherry peppers and cinnamon sticks and other things unidentifiable in dark colours.

The grinding machine rattles. A pound packet of Velluto Nero is banged on the counter. Then it's out into the street and on to Neal's Yard Dairy for cheeses and Neal's Yard Bakery for bread, and after that . . .

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Married to a genius

LEAVES OF THE TULIP TREE
by Juliette Huxley, John Murray £12.95, 248 pages

WHAT WAS it like to be married to Julian Huxley? Anyone who may have pondered this question will find the answer here. The author married Huxley when she was 22, bore him two sons, remained with him as a supportive spouse throughout his varied career, until he died aged 85 in 1975. They first met at Garsington where Juliette Baillot (as she then was), a ravishingly beautiful Swiss girl, was employed as governess.

Here was an ingénue who might have stepped out of a play by Giraudoux, set down in the midst of the most worldy, the most intellectually and sexually competitive society in England. God protects the innocent, we are told. How long would the inherited rigour and pieties of the cantons hold out against the likes of the young Bertie Russell? Quite a while it would seem; at the same time Mlle Baillot made a lifelong friend of Lady Ottoline. The Swiss miss was not one to bite the hand that fed her, as did so many of the permanent house-guests at Garsington. Her admiration for Ottoline remains staunch and eloquent.

However, no one could be exposed to that ambience by day and night and remain for ever unaffected:

> Under the influence mostly of D. H. Lawrence, with his sensual descriptions of nature, his heady world of freedom from conventional principles, my Calvinistic background exploded into fragments. I read insatiably.

Much as this voracious reading may have enriched the young woman's spirit, giving her a familiarity with poetry as a wise commentary on human affairs, it could not fully prepare her for life with the brilliant young scientist. One of his masters at school had written, in an end of term report, that there was nothing wrong with him except he thought he was infallible. Driven in adult life by a workaholic Huxleyan daimon he never really lost this hubristic sense of omniscience.

The world knew him at the height of his fame during the second world war as the voice of scientific rationality, coolly and brilliantly expounding the mysteries of the universe to lay minds on the BBC Brains Trust. He was then secretary of the London Zoo; earlier he had been a don at Oxford, and later after the war the first head of Unesco. At the same time he was an industrious writer, both of scientific books outlining his observations of such creatures as the great-crested grebe, or more general works about his explorations in Africa.

What we now learn is how these public career peaks were divided by black periods of mental collapse. His life's partner then had to summon all her courage and patience slowly to nurse him back to face the world and resume his difficult work. Courage of another kind was required when he began an extra-marital affair. All this is frankly and perceptively set down. One's respect for the author increases as the story progresses. The ingénue turned into a woman of great maturity; fortunately for the genius whom she married.

Anthony Curtis

Swan song of a good soldier

Lord Blake reviews the finish of a great biography

MONTY: THE FIELD MARSHAL
by Nigel Hamilton. Hamish Hamilton. £15.00. 996 pages

THIS IS the third volume of a notable trilogy. Mr Nigel Hamilton deserves to be congratulated on the completion of a task on which he has spent many years of toil and research. He can legitimately feel like Gibbon on the completion of his *magnum opus*: "I will not dissemble the first emotions of joy on the recovery of my freedom and perhaps the establishment of my fame." But he may also like Gibbon feel "a sober melancholy" at the idea that "I had taken an everlasting leave of an old and agreeable companion."

There can never be a definitive life of anyone, but these three volumes come as near to that achievement as possible. It is safe to say that they are most unlikely to be superseded in the forseeable future. It can be argued that the author tells the story at too much length. Certainly the latest volume, like its predecessors, is not exactly bedside reading even apart from its size and weight. But the biography will always be an indispensable work of reference, and that is something.

The volume begins after the Normandy break-out in August 1944. At this stage the Germans were temporarily in total disarray with only 100 serviceable tanks to oppose the Allies 2,000 and only 570 aircraft against over 14,000. The opening sentence reads: "Could the war against Nazi Germany have been ended in 1944?" This has always been the critical question and it will go on being debated for all time. The "ifs" of history can seldom be decided but it seems clear that the answer in this case is yes. Monty was undoubtedly right to press for a narrow single thrust north of the Ardennes to the Ruhr under his own command, but a similar thrust in the centre between Mainz and Karlsruhe under General Bradley might also have succeeded.

The fatal mistake was to pursue the "broad front" approach favoured by General Eisenhower, but more on political than strategic grounds. If Montgomery was right on this, he was certainly wrong on some other matters. The Arnhem episode was futile and would never have gained much in strategical terms even if it had been tactically successful. An even graver error was his failure to clear the approaches to Antwerp. This was a matter on which Eisenhower should have given categorical orders but the omission does not excuse Monty.

There was a deeper difficulty which the author, who is an admirer but by no means an idolator of his subject, brings out very clearly. Monty's behaviour towards Eisenhower and the American top commanders was insufferable. He was arrogant, rude, noisy and totally devoid of tact. At a time when the American forces amounted to 60 divisions and the British to 16, it was simply "not on" for a British commander to dictate strategy. He could try to persuade, but Monty was not a persuasive figure. Eisenhower had to put up with much and was always polite. Like Clive he must sometimes have been astonished at his own moderation, but diplomacy and courtesy are not enough even for the commander of the forces of two nations with such prickly characters as Montgomery, Bradley and Patton to be conciliated. Eisenhower, indecisive and procrastinating, missed a golden opportunity of winning the war in 1944 for fear of giving offence. The price was another eight months of misery, starvation and disease in Europe and the loss of millions of lives.

The story of the 1944-45 campaign which ended the war in the West is fairly well trodden ground. No startling revelations are likely but Mr Hamilton throws much light on details. He gives the fullest account so far of Monty's disastrous press conference about the Ardennes offensive on January 7 1945. The episode was not as was popularly believed, an unauthorised personal initiative. It had been cleared at the very highest level with Eisenhower, Brooke and Churchill but, in view of Monty on Eisenhower's orders having temporarily superseded Bradley in command of the Ardennes battle, any press conference was likely to hurt the feelings of the American general and his staff. A conference given by someone who had the tact of an elephant was certain to do so.

Where we are on new ground is in the author's treatment of his subject's post-war career as Military Governor of Germany, Chief of the Imperial General Staff, Chairman of Western Union Command, and finally Deputy Supreme Commander of Nato till he retired in 1958. It is not too much to say that this is the first full account of Britain's military affairs during that period and the book is essential reading for the historian of modern times. Montgomery was a disastrous Chief of Staff — impatient, contemptuous and totally unfitted to a job which needed team work above all else. He confused the role of Chief of Staff with that of Commander-in-Chief and behaved with a *folie de grandeur* which almost surpasses belief.

Monty was far more successful in Western Union Command and as Deputy Commander of Nato — "Nato's Blacksmith," as the author describes him. Monty was a very strange character. He quarrelled with his younger brother; he cut his son out of his will and they were only reconciled on his deathbed. He engaged in an emotional correspondence with a twelve-year-old Swiss boy whom he met on a holiday, only to drop him abruptly when the boy was 15. It was innocent no doubt but odd. He treated Freddy de Guingand, his old friend and Chief of Staff during all his campaigns, with heartless ingratitude. He was strangely naive, writing to the King's Private Secretary asking the King to give him "quite a small house; seven or eight bedrooms." He saw nothing odd in staying at the White House when on the verge of publishing highly critical comments on Eisenhower's generalship. As the author shrewdly observes, he had many of the traits of Nelson and was at times in "a state of mind akin to madness." But Nelson was a great man and so was Monty. He deserves a great biography and he has got it.

Uncannily true predictions

THE HIDDEN POWER
by Brian Inglis. Jonathan Cape £10.95, 312 pages

ARE THE ghosts beginning to walk again? I ask in all seriousness, for my own opinion was that we were hearing less of them than we used to. Fewer haunted houses, fewer things that go bump in the night; a great deal about the media but not so much about the mediums.

But here comes Brian Inglis, a serious writer, heaven knows, devoting a whole substantial book of 312 pages to the present state of PSI, which is another way of speaking of the paranormal. So it seems that we have not heard the last of the spooks. On the contrary, they are very much alive.

Certainly, I should have remembered, for instance, the activities of Uri Geller, the spoon-bender, and the painstaking but, finally, productive researchers of J. B. Rhine at Duke University.

Rhine discovered that a few of his students had the ability to "see" concealed cards as he turned them up. While the expected score was five "hits," they consistently scored seven. Either Rhine and his imitators at other universities were cheat- or this was a clear case of extra-sensory perception, clairvoyance, telepathy or what have you.

The Rhine experiments had some odd results. For example, some subjects guessed the cards correctly but *one step ahead of the series*. This variation was, in its way, as impressive as any of the Rhine results. For who would bother to cheat in order to get a consistently *wrong* answer?

The advent of Uri Geller came about 40 years after Rhine. At a time, in fact, when Rhine was largely forgotten, taken for granted or assumed to have been discredited. Geller, a young Israeli, could bend keys and forks merely by stroking them. The obvious explanation—that Geller was a charlatan—became increasingly hard to sustain. A newspaper reporter, interviewing him, produced her door-key which he did not touch—"but it was possible to feel the movement of the key as it bent upwards through 45 degrees in the course of two or three minutes." Puzzling, admittedly.

After being greeted with mystification—and abuse—both here and in the United States—Geller seems to have faded from the public eye. What is he doing now? Mr Inglis thinks that he has gone into the business of finding seams of gold and has become a multi-millionaire. If that is so, then Geller has been luckier, or more gifted, than most paranormal practitioners.

A performer at card-guessing who averages seven correct guesses out of 25 instead of five is considered "brilliant," so "When people ask why those able percipients do not get rich by telepathing directors' meetings and then playing the stock market they do not know how small an advantage the best available telepathy of the modern age provides."

Inglis devotes a considerable fraction of his book to attacking scientists for their bigoted hostility to what used to be called "spiritualism." But the trouble is that, according to the champions of parapsychology, sceptics, by their mere presence, prevent anything psychic from happening. In these circumstances how is it possible to obtain the objective conditions which scientific experiment requires? "As long as there are sceptics who deny the possibility of PSI, there never can be a single completely convincing experiment."

Parapsychology is admittedly more "respectable" than "spiritualism" used to be. It has cast off the trappings of a quasi-religion. But in doing so it seems to have lost its raison d'être. It no longer pretends to put us in touch with the departed. But what does it do? What is the *use* of PSI?

George Malcolm Thomson

BOOKS OF THE MONTH

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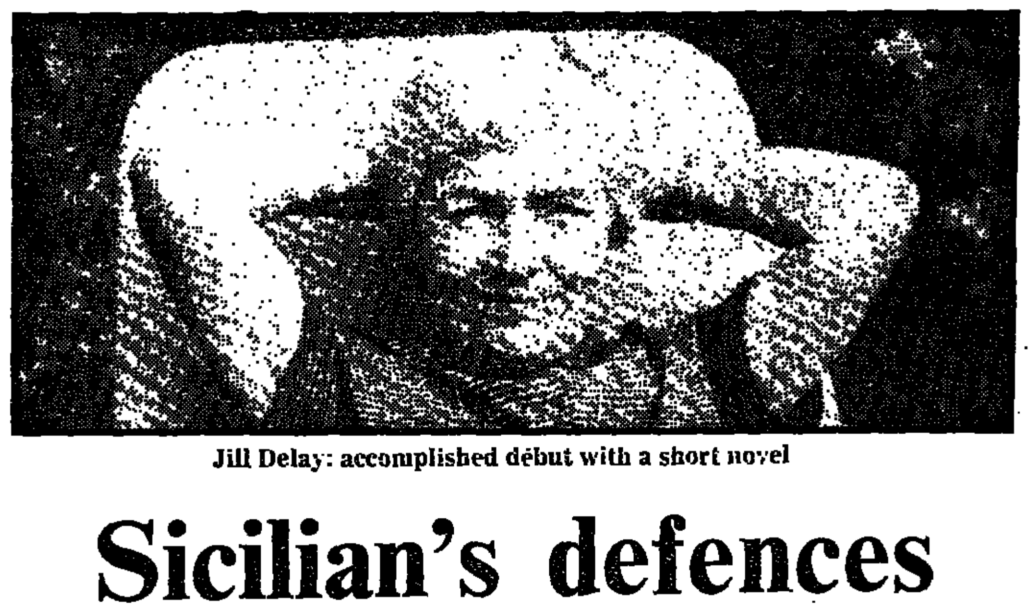

Jill Delay: accomplished début with a short novel

Sicilian's defences

Fiction

THE GENTLE TOURIST
by Jill Delay.
André Deutsch, £8.95. 104 pages

A DANCE FOR THE MOON
by Richard Burns.
Cape, £9.95. 173 pages

WOMEN OF A CERTAIN AGE
by Colleen Klein.
Century, £8.95. 145 pages

THE DONE THING
by Patricia Angadi.
Collancz, £8.95. 245 pages

JILL DELAY'S The Gentle Tourist is a first novel: very short, without wasted words or feelings. Lorenzo D'Ayala is Sicilian, elderly, recently widowed after a long, uneventful, unfulfilling marriage; an archivist in the local Institute of Fine Arts; with an unloving son in Milan, therefore much on his own in Palermo.

First the maids leave, so the large apartment grows dirty, then, when a new broom from Rome takes over at the Institute, D'Ayala is sacked. There follow sexual fantasies, depression, and efforts by his daughter-in-law to have him taught geriatric bridge. The only memorable connection with the past is his friendship with an Austrian Jewish publisher, George Caplan, now in London, ill and calling for him. Since his mother was English, D'Ayala knows the ropes in an Anglo-Saxon world, has even inherited her blondeness and height. Dying, Caplan bequeaths his friend what he holds dearest.

D'Ayala's life has been almost empty not just of incident but of feeling, of worthy involvements with others: a disappointing marriage, an unapproachable, unattractive son, only the intermittent friendship with far-away Caplan to recall with affection and warmth, the only relationship with point and purpose, with richness. Clinging to that, with an intuitive sense of what matters, he homes in on a new life.

This is an extraordinarily accomplished debut; almost a novella in its economy and brevity, but rich in what it implies, in its close-knit imaginative life, its snapshots of the past, its atmosphere of attractive staidness, of feeling as it were banked up, unused. The writing is fluent, simple in structure but strikingly exact; at times almost dreamlike in the atmosphere it creates, with realism and a sort of inner tenderness coming together in an effect of great beauty and stillness.

"Officers got shell shock; privates got drunk": so thinks the angry railwayman who sets fire to the 'Ome, as it is locally called, for well-heeled derelicts of the First World War. In Richard Burns's A Dance for the Moon David is a young poet unable to adjust to the postwar world, sent there by his mother in a desperate loving effort to find healing for his broken spirit. That anyone survived trench warfare is the surprise, when its horrors are described. Penn, an American Freudian, does his best with rest and mainstream analysis; his wife Mary gets more involved. It is hard to believe, though, in Penn's final hounding of his patient, whatever the provocation, to despair, madness, and suicide.

The novel is formed kaleidoscopically out of fragments of action and experience: from the past (David's schooling, then his war), the present (1920), various people in various places; all knitted together by poems, supposedly David's. Brief and abrupt but persuasive; a sort of mirror-image of David's inner turmoil, outer calm. He cannot adjust to life after hell, but neither can he adjust to modernity—a Georgian poet he is and remains, though a single line of Eliot stirs a single response, and he knows (and heartily dislikes) Lytton Strachey. A disconcertingly quiet novel, about the underlying violence of feeling, and the postwar death, for some, of hope and peace.

Colleen Klein's Women of a Certain Age, Australian, is cleverly observant, with changing suburbia perfectly in its sights. The rich, much-married matrons (homelier than Dallas but dressier than their English equivalents) are at odds not so [illegible] use sex as a weapon, to wheedle and cajole for what they want, they are uncertain in the face of the young, of feminism, of classlessness. When the children have gone, what is left?

Without work of her own or scope for her energies and intelligence, Elissa the heroine is adrift in the boredom of coffee mornings and ladies' luncheons and the sexually segregated life of her husband's colleagues on the one hand, their wives on the other. Her daughters are not so much a disappointment as an outrage: one has married a randy carpenter, has four scruffy children who live on lentils, and has moved into another world; the other, successful on the stage, produces headlines like Australian Actress In Nude Romp to make the neighbours squeal with gleeful embarrassment. So what is she to do? A new garden, a new baby? This is excellent mainstream writing; intelligent, crisp, often funny; not "women's writing" but writing at a fair level of talent, about women; women today, but washed up from an earlier age.

Patricia Angadi's The Done Thing is a most attractive book, quirky, unliterary, and judging from the author's life story at least partly autobiographical. Heather, a tall golden upper-middleclass English girl whose friends are all marrying suitably, falls passionately in love with a dazzling Indian and, to her family's horror, marries him. Five children arrive.

Still passionate, though poor, they somehow survive, while Mohendra (Trotskyist cultural guru), ever ebullient, thinks up hopeful but in the event hopeless schemes for cultural exchanges, lectures, centres. Gradually, though still in friendship, they drift apart, Heather achieving success of her own as a painter, Mohendra living mainly in India, never wholly successful or wholly failing. The story ends in an idyllic large house in Hampstead where everyone will have a room of his own (including Heather's two on-and-off lovers; one an Iranian student less than half her age, the other a bisexual childhood friend), and international culture will presumably flourish.

Patricia Angadi is 72 and writes with enormous verve: the dialogue of her youngsters, in particular, fairly crackles.

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AMRITSAR: MRS GANDHI'S LAST BATTLE
by Mark Tully and Satish Jacob. Jonathan Cape £10.95, 224 pages. (Revised edition appearing in September from Pan)

SIKH SEPARATISM: THE POLITICS OF FAITH
by Rajiv A. Kapur. Allen and Unwin. £20.00, 272 pages

IN THE past three years the world has become aware of the growing demands by militant Sikhs for their home state of Punjab in Northern India to become an independent nation called Khalistan. The demands led in 1984 to the Indian Army storming the Sikhs' sacred Golden Temple complex in Amritsar and the subsequent assassination by Sikh security guards of Mrs Indira Gandhi, Prime Minister.

Now Rajiv, her son and successor, is grappling with the same problem, trying to find a formula which will calm the political tensions, rehabilitate several thousands of disenchanted Sikh youth who provide the foot soldiers for the extremist gang leaders, and may be one day end the terrorist attacks which are spreading fear across the Punjab and nearby areas, and are forcing public figures to live under the constant threat of assassination.

The present crisis is the direct result of political intrigue, double-dealing and procrastination which thrived under Mrs Gandhi. But the seeds of the discontent go much deeper and further back into history, starting in the 15th century with the foundation of the Sikh's religion, separate from but then still close to India's majority Hindu religion.

The most authoritative account, still unsurpassed, of the historical background is a two-volume History of the Sikhs (Princeton University Press, 1966) by Kushwant Singh, an elderly, highly respected, sharp-witted and controversial journalist. Two recent books take the story on from Kushwant Singh, one with the sharp independent eyes of two journalists and the other with the closely-focused painstaking detail of a PhD candidate.

The first is Amritsar, by Mark Tully and Satish Jacob. It will appear in September in a revised (Pan) edition. Mark Tully, born in Calcutta, has for 16 years as the BBC's New Delhi correspondent become a legendary figure. He is relied upon across South Asia by listeners to the BBC's World Service for impartial, accurate and comprehensive news.

With his Indian assistant, Satish Jacob, Tully provides a detailed story of the build up to the 1984 crisis, concentrating on the period from the mid-1970s. He pulls together and explains previously scattered accounts and accusations about Mrs Gandhi and her entourage. He firmly blames her late son, Sanjoy, and India's current Sikh President Mr Zail Singh, for conniving in the ascendancy of the young Sant Jarnail Singh Bhindranwale, the most important extremist who was killed in the army attack on the Golden Temple and is now an inspiration to Sikh youth.

The book, by Rajiv Kapur, called Sikh Separatism, is valuable because it shows the depth and history of the problem it describes. It is built up over the past century.

It underlines how difficult it is to solve those ethnic or religious problems which begin with calls by minorities for a separate identity, then take on religious overtones so that politics and religion became inextricably mixed, ending in the 1980s with rampant terrorism.

South Asia, as it moves towards the end of its first 40 years of independence from British rule, is full of such problems, some of which were exacerbated during the days of the British. The other most serious example is thes call by Tamils in Sri Lanka for a separate home land. The demand is also complicated by religion — the Tamils are basically Hindus, though they include many Christian converts, and their opponents are staunch Buddhists, scared of losing their identity in a largely Hindu subcontinent.

Of the two books on the Punjab, Mark Tully's is the most immediately interesting, although it does not properly penetrate the personal ambitions and responsibility of Mrs Gandhi. It also largely ignores the over-riding Punjab problem of a lack of economic development which has fuelled dissidence among the young in one of India's most prosperous states.

Kapur's book is a rather expensive but fascinating analysis of the politics of the growth of religious identity. But because it is based on a PhD thesis of limited scope, it lacks a proper analysis of Sikh history in past centuries or a full account of the past three years.

John Elliott

Scandalous affairs

A TANGLED WEB: SEX SCANDAL IN BRITISH POLITICS AND SOCIETY
by H. Montgomery Hyde. Constable. £12.95, 380 pages

LORD MELBOURNE, one of Britain's nineteenth century Prime Ministers, had a taste for flagellation. He thought that he had not been flogged enough at school. In particular he recommended the whipping of young girls, something which was apparently quite common at the time.

"All mothers and governesses," he wrote to a lady friend, "should not fail to whip all refractory and disobedient children, being convinced that this would be attacking the evil at its beginning and that their insubordination arises from the disuse of that wholesome discipline." There are all sorts of other letters, written and received by him in the same vein.

Lord Castlereagh when he was Foreign Secretary used to walk home from Parliament to his house in St James's Square and sometimes fell for the [illegible] revealed at the moment of undressing to be a man. It was a trap. Blackmailers broke into the room and accused him of being about to commit "an act from which nature shrinks in horror." The subsequent extortion led to Castlereagh's suicide.

Lord Palmerston as Foreign Secretary tried to rape one of the Queen's ladies-in-waiting while staying at Windsor Castle. It was a mistake. He had gone to the wrong bedroom and not to the lady who was expecting him. The matter was hushed up, though not without being drawn to the attention of Queen Victoria.

All these tales and many more are included in Montgomery Hyde's latest book. One of the best concerns Sir Leo Chiozza Money, the man who invented the concept of wartime shipping convoys. He was twice had up for kissing a lady—once on a park bench, the other time on a railway train. On each occasion it seems that he may have been innocent even of that offence, but the story shows how far the police will sometimes go to bring sexual cases before [illegible] quired, Montgomery Hyde refers to the splendidly named Rt Hon Sir James Tynte Agg Gardner, Lord of the Manor of Cheltenham, who represented Cheltenham in the House of Commons intermittently from 1874 until his death 54 years later. He was a homosexual, but there was never a hint of scandal. Unfortunately we are told no more about him.

That is unlike Tom Driberg, the journalist and Labour MP, whose story is told at some length. So are most of the other modern sexual scandals: Keeler, Vassall et al. The most touching apart from Profumo, who has made up for it by good works in the East End of London ever since, is that of Ian Harvey, a Tory MP and Under-Secretary for Foreign Affairs, who ran into a guardsman one night in the Mall in November 1958 and was caught by the police in the park. He paid the guardsman's fine, but it was the end of his political career.

The book does not have much of a theme and is more a compendium of salacious stories

Theatre

Michael Coveney talks to Terry Hands about the RSC

Stratford plays the Swan

AS FAR as Trevor Nunn is concerned, there is only one Swan song to be intoned at the moment, that of the 444-seater third Stratford-upon-Avon auditorium which moves into middle gear next week with Jeremy Irons opening in Aphra Behn's *The Rover*.

Admittedly, Mr Nunn himself will be in Glyndebourne tonight supervising the opening of *Porgy and Bess*, but the Swan is very much his baby, a dream realised by the donation of an American millionaire philanthropist. Frederick Koch, who has just abandoned his plan to instal his art collection in St. John's Lodge in Regent's Park.

Koch's identity is now in the public domain, but the Royal Shakespeare Company refuses to confirm or deny in deference to his original, somewhat impracticable, insistence on anonymity.

These are difficult days for the subsidised theatres, not merely thanks to intemperate Press allegations about the personal wealth of Mr Nunn and Sir Peter Hall at the National. A mixture of dull programming, glorious weather and, especially, absentee tourists, has dealt a body blow to both companies.

Terry Hands, Mr Nunn's joint artistic director at the RSC, says that after playing to 95 per cent capacity at the Barbican during its first five years, the company is seriously (it sounds like reluctantly) considering Shaw for the autumn repertoire and an established policy of one musical a year. After *Les Miserables*, what next: *War and Peace*, *The Bible*, "*Lear*, the Singalong King?"

As the RSC struggles to make ends meet in the Barbican, to discover fresh and exciting ways of doing Shakespeare on the main Stratford stage, to reinvigorate its new plays policy and to encourage large-scale Barbican work of which Pam Gems's *Danton* play (opening July 15) is the latest, the Swan represents a welcome chance to take stock and start again.

After the first two productions, Michael Reardon's galleried thrust stage arena has been a hit with the critics although local awareness in Stratford, according to RSC general manager David Brierley, could be sharper. Next week *The Rover* opens alongside *A Midsummer Night's Dream* in the main house and a new play about Hogarth in The Other Place. John Barton's production will be the first to fulfil one of the Swan's avowed functions of demonstrating the continuum between the Elizabethan/Jacobean repertoire and the Restoration.

Many of the RSC's and National's current problems stem from the architectural legacies of the 1960s, resulting in the Barbican and the South Bank. The Swan represents the backlash of inventing congenial theatre space inside already atmospheric conditions, in this case the shell of the old Memorial Theatre now used as a gallery and bookshop.

The newness of the wood creates a slight sense of Tudor Habitat (according to Shakespearian scholar Gary Taylor), but that, I am assured, will be broken down in time. The originally desired walnut planks were too expensive, so it is built in pine and oak, the governing idea, according to Mr Hands, of "a place papered with people." The director recalls an inspirational afternoon with the architect, in John Barton's walk-in dovecote in his country home, each dove with its own little space in a rising oast house shape.

So far, *Two Noble Kinsmen* has been fascinating if a little over-produced, and Ben Johnson's *Everyman in His Humour* a golden retrieval from the library. Mr Hands sees the Swan as a source of star actors for the main theatres and cites (as indeed I selected in my review) the outstanding performances in *Everyman* of Pete Postlethwaite as Bobadill and Henry Goodman as Kitely.

The cost of the Swan to Mr Koch is undeclared, but estimates hover around £1m. Every cost above that figure is charged against the Swan's revenue and Mr Brierley estimates that 80 per cent houses will cover such items as heating, lighting and additional actors.

The trouble, as for all theatres, has been Tripoli and the stayaway tourists. A total of 24 per cent of the RSC's audience in London and Stratford are tourists, 17.5 per cent of them American. This overall annual statistic is heavily reliant on the summer bulge.

What Mr Brierley calls "the June dip" has had disastrous consequences for the rest of the year. Stratford shows signs of reviving by mid-July, but the Barbican is being severely punished for risking Mnouchkine's *Mephisto* and Gem's *Danton Affair* (for which bookings are low) after five years of playing safe.

Luckily, the self-help policy will come into play here, as *Les Misérables* goes into profit. For its £300,000 investment, the RSC will make a very great deal of money based on 30 per cent of the British production's profits and an automatic share in foreign rights. The musical is to be produced in 21 countries and could well prove as big a commercial property as *Cats*.

This is no comfort, though, to Mr Brierley, who claims that if the level of funding to the RSC by the Arts Council had been maintained in accordance with the Priestley Report's recommendations three years ago, the problems would not arise. The RSC's Arts Council grant stands at £5.2m, an increase of £0.3m over the first post-Priestley grant base. This represents, over two years, less than one year's worth of genuine inflationary pressure on the revenue. This is why, says Mr Brierley, the Swan can only be self-supporting: the grant for four theatres is already devalued.

Mr Hands wonders wistfully if the British really want the company which, founded in 1960 by Peter Hall, is the envy of the world: "Last year we won the Queen's Award for Export, of which we are very proud, and did 52 weeks of touring at home and abroad: I do think it's about time we stopped this very English game of let's kill something because it's doing well." And in that, he is not merely expressing an over-familiar RSC paranoia about bad reviews.

He repeats another familiar, lately misrepresented, refrain. "Trevor Nunn and I would both like to do more productions and relinquish, at some stage, our executive positions. We cherish and want to continue the family evolution of the directorate and the company. We operate, in football terms, a 2-4-4 formation, and that midfield, we hope, will come through to lead the side from the front."

The Hands stand on big theatres remains unique in the company which has swayed and often prospered over the past 10 years by confining itself to studio spaces and now, searching possibly a new creative in spring has ventured into a middle-sized house to investigate the full range of the late 16th and 17th century repertoire: "Chaining the reaction of 1,500 people as opposed to 400 or less is the difference between surfing at Bondi Beach and Blackpool, between Formula I and stock car racing. You can get killed, but I prefer to die with death.

"I am not sentimental. I hated the Aldwych, a stinking awful theatre with treacherous acoustics, a bad overhang by the circle in the stalls (I saw Brook's *Lear* through a letter-box) and dressing rooms that were so close to pavement level people could pee through the gratings on the actors. The Barbican has a wonderful stage, there is plenty of room, terraces for the actors and three centuries of architecture. There is no better facility in western Europe but because we are in England and not France nobody says so."

Would he consider cutting loose and going commercial? "No. Outside, the standard is not so high, the back-up less good. Trevor is now going to reduce his outside work while I gain more experience in the commercial sector."

Nunn glides into the Swan in September with Thomas Heywood's *Fair Maid of the West*, his first new Stratford production since *All's Well* in November 1981. Meanwhile, Hands prepares for *Carrie* on Broadway—the musical of the the Stephen King book, not the film —and the real RSC business continues with next week's triple threat.

Trevor Nunn and Terry Hands: "We cherish and want to continue the family evolution"

The new 444-seater Swan: "a place papered with people"

Jazz

Free favours

THE ORGANISERS of the annual *New Orleans in Lugano* traditional jazz festival, held over three days in six piazzas in the picturesque Swiss town, are keen to maintain its friendly character and manageable size. The open-air venues, the informality, the fact that everything is free, and the programming ensure the success of this modest but congenial jazz get-together.

There was a coup in having for all three days New Orleans' most illustrious extant group, the Dirty Dozen Brass Band. The Dozen is in fact eight, and their music, once described as "avant-garde traditionalism," was by far the most modern heard. A typical set is a rip-roaring, joyous trek through all jazz styles. With its unusual instrumentation of tuba, trombone, two trumpets, two saxophones, plus side drum and snare drum the band has an unusual repertoire to match. Compositions by Thelonious Monk and Duke Ellington are played in the same set as "High Society," "Little Liza Jane," "Sweet Georgia Brown" and "St James' Infirmary."

Truly a band for an outdoor festival, the exhilarating Dirty Dozen brought an extra authentic whiff of their native city when they marched along Lugano's main lakeside *via*, playing in street parade fashion. The parade was somewhat haphazard, with the Dozen making an unscheduled turn into a piazza where five young French women "Certains l'aiment chaud" (Some Like it Hot) were playing early — some would say classic — New Orleans jazz on washboard, sousaphone, banjo, trumpet and sax!

This bizarre quintet was one of several at the festival which could at best be termed forgettable. The Ishmael Singers, a Gospel group originating from Chicago but presently located in Germany, attracted a large congregation to Lugano's Cattedrale di San Lorenzo one afternoon. They inflicted community singing for "When the Saints Go Marching In."

The personable singer Carrie Smith is a guaranteed success at any festival and, with the ever-amazing tenorist/flautist/clarinettist Buddy Tate and his swinging trio behind her, was as vibrant and entrancing as always.

The biggest surprise of the festival was a relatively unknown American boogie-woogie pianist/singer, Al Copley, at present living in Europe. With such illustrious bluesmen as *Sammy Price* and *Memphis Slim* playing every day on the piano stand in Piazza San Carlo it could have been hard to grab the limelight, but Copley took his chance to become the most favoured pianist of the seven featured soloists.

Of the other singer/pianists *Laura Fedele* (from Italy) again caught the attention, as she did last year. She was also heard with her interesting new group, scatting and singing with Paola Franzini, with sax and trumpet behind them. British pianists Keith Nicols and Diz Watson presented different styles of New Orleans music with their respective groups.

British expatriates Rod Mason and Bob Barton led their own bands. Mason's Hot Five was an example of ill-conceived Anglo-German co-operation while Barton's Superjazz (also an Anglo-German quintet) did at least show some imagination in repertoire.

The budget for this year's festival was SFr 200,000, well over half of which was contributed by the official sponsor Credito Svizzero (Credit Suisse). Important assistance came also from Switzerland's internal airline Crossair, and from the town of Lugano itself, clearly aware of the benefits that a jazz festival could bring. British resorts and banks please note.

Kevin Henriques

Al Copley

Ballet

Sing praises unto Harlem

THE PERFORMANCE of two works as diverse as Balanchine's *Allegro Brillante* and *Giselle* on Thursday night told much about the qualities of the Dance Theatre of Harlem, and especially about the company's whole-hearted, whole-bodied involvement with the dance. A purist can find matters for criticism in some aspects of Balanchinian technique in *Allegro*, and in finesse of style in *Giselle*, but nothing save praise can be given to the physical intensity with which the choreography is displayed, and to the dedication to the matter of the dance shown by the entire troupe.

Allegro Brillante was led by the excellent Stephanie Dabney and Donald Williams, and the cast plainly understand what they are dancing, and are proud to be performing it.

In this realisation of Chaikovsky's third piano concerto we see Balanchine plain as the Harlem artists pounce upon the dance, driving it eagerly along, a quick motor pulse behind each step.

Miss Dabney is assured, and can find time, as is right for Balanchine, to explore allegro phrases without seeming either harried or over-stretched: she is in happy command of the work, and is beautiful. The only deplorable matter is the company's use of the traditional costumes for the piece: the men in abbreviated bodices, the women in disastrous nightdresses. For the sake of their physical dignity, they must be re-clothed.

Frederic Franklin's imaginative recension of *Giselle* as a drama set in the bayous of Louisiana in the 1830s had its first, triumphant performance in London on the company's last visit a couple of years ago.

Among Mr Franklin's achievements is the fact that this is a dancers' *Giselle* rather than a producer's: Miss Johnson's reading is at times slightly driven by the orchestra tempi, but it is ever touching, credible. The lighting in the second set was, I thought, less than mysterious, but the wilis of the bayou, in their ravishing Fortuny dresses, have a fine inevitability, and Eddie J. Shellman's bold Albrecht truly seems to be dancing for his life. And at every moment the Harlem dancers care deeply about what they do. They believe, and in this lies their great merit, because they make us believe, too.

Clement Crisp

Farce

Tricks in sets and matches

MANCHESTER'S Victorian splendour, dusty but still stylish in the summer bustle of late-night shopping, is certainly closer to *la ville lumiere* than present-day London is; apt setting for *Court in the Act*, a Feydeau-esque farce by Maurice Hennequin and Pierre Veber (who died as recently as 1942), directed by Braham Murray at the Royal Exchange where the same authors' *Have You Anything to Declare?* scored an unexpected success in 1980.

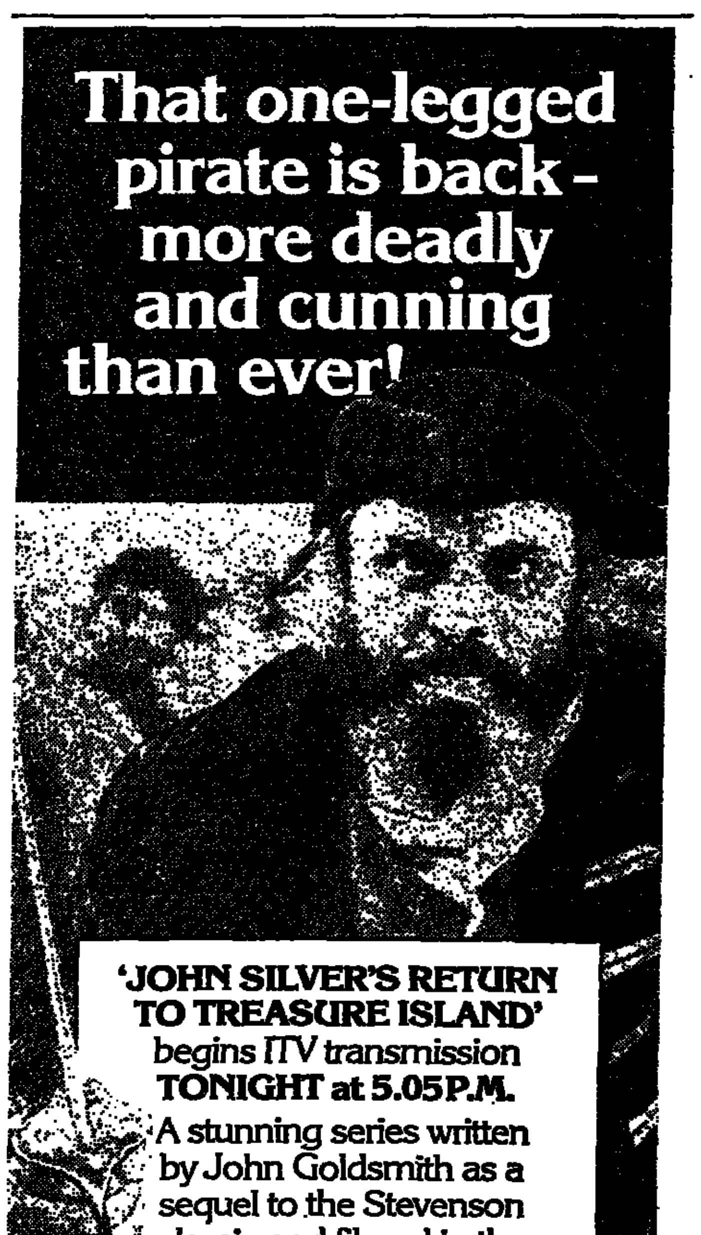
The predictably convoluted plot concerns the imputation of immorality to the blameless. The rigidly proper provincial judge (Michael Denison) is tricked into apparent intimacy with a notorious actress-cocotte (Gabrielle Drake), hastily passed off as his wife at the unexpected arrival of the prim Minister of Justice (Lee Montague) who promptly falls for her. The real Mme Tricointe (Avril Elgar), an ex-kitchen maid with an obsessive urge to polish any brass available, is alternatively taken for a cleaner and a scarlet woman.

A comic grace-note is added by the couple's pretty daughter who, after being hit on the head by a tennis-ball in England, can only con-vairse een Gallic Eng-leesh wiz sign language. This handicap sparks one of the play's funniest scenes when a young man proposes to her via the pompous police interpreter (Trevor Cooper, hitting the right note of complacency turning frantic), all sitting on a triple love-seat in the tendril-swirling Art Nouveau hotel foyer of Stephen Doncaster's set.

The judge's plain, drudging wife, dutifully married 20 years before (since when he has "never enjoyed female flesh—and what is worse, I have never enjoyed my food") is perilously close to one of Gilbert's mocked elderly ladies. Miss Elgar's bewildered bedragglement provides one marvellous moment when the Minister, desperate to drape the unclad cocotte whose dress has been stolen, advances on the supposed cleaner, hoarsely ordering her to strip. Miss Elgar's martyred smirk of incredulity, resignation and cautious excitement is a French farce in itself.

Mr Denison is a ramrod model of probity. Mr Montague's Minister, as yet unfocused, compensates for a lack of natural suavity with over-strenuousness. Miss Drake sweeps on beplumed and dazzling in green and black brocade (Terence Emery's costumes are a joy), looks enchanting, but is far too wholesome to seem natural running round a French ministry in knickers and corset; especially a French ministry.

Martin Hoyle



Video

Cast delivers a crash course

THE TV historical mini-series is fast becoming the 20th century's answer to the 18th century folly: polymorphous, ravenously eclectic and freely combining the sublime and the ridiculous. *Peter The Great* (IVS), yet unseen on British television, features six hours of lush stomping through Russian history with an outstanding cast and the world's top cinematographer. The players include Vanessa Redgrave, Laurence Olivier, Maximilian Schell (as Peter), Ursula Andress, Lilli Palmer and Omar Sharif. And the cameraman is Vittorio Storaro, virtuoso lens wielder of *1900*, *Reds* and *Apocalypse Now*.

Those with tender funny-bones may giggle at some of this epic's dialogue: which runs to contortionist Russian vocatives ("Yes, Sukurukhov?") and to one or two lines that might have come from "Carry On Up The Kremlin" ("You invoke the divinity at your convenience"). But as a crash course in history it is far more informative than such past Tsarist hokum as Dietrich in *The Scarlet Empress* or Bergner in *Catherine The Great*.

And the cast delivers all that could be expected. Redgrave devours the screen as the scheming Princess Sophia: plucked eyebrows, coal-black eye-liner, red wig, a Queen Elizabeth I translated to Moscow. Olivier's cameo as William of Orange is briefer and less memorable (his voice is in the high wheedling mode of *The Boys From Brazil*), but Trevor Howard erupts enjoyably as a Sir Isaac Newton who insists that all tales of his being beaned on the cranium by an apple are apocryphal.

Storaro. Even on video, which can chew up good cinematography and spit it out in pulped and lifeless pastels, his images have a dazzling distinction, especially his interiors, textured by incense smoke, lambent with sunlight shafted from high windows or rosy with the glow of sunset, through which the characters loom like gilded silhouettes. If only the script and direction had matched the images and the best performances, we might have had a video masterpiece.

Elsewhere, July offers a bewilderingly mixed bag. *Gloria* (RCA/Columbia) is John Cassavetes' glorious thriller, with wisecracks and streetwise-sentimental trimmings, about a gangster's moll (Gena Rowlands) protecting a boy from the Mafia. At the bargain end of the movies-on-video market, reissued classics vie with modern masterworks: Tati's *Mon Oncle* (Stablecane), Bergman's *Autumn Sonata* (Channel 5), Joan Crawford in *Johnny Guitar* (Video Collection), Streep in *Sophie's Choice* (Channel 5).

July's Distinguished Clinker prize goes, alas, to Robert Altman's *O.C. and Stiggs* (MGM/UA). Made several years ago, this was the *Nashville* maestro's last out-and-about movie before he turned to the more closed world of theatrical adaptations (like the current *Fool For Love*). But the would-be comical tale of two teenage boys (Daniel H. Jenkins and Neill Barry) rampaging through their summer vacations is rowdy and unfunny and has you thanking heaven for the fast-forward button.

Nigel Andrews

Radio

Too few know what to do about it

THE ALARMING allegations about the nation's health made by the Faculty of Community Medicine this week were echoed in Radio 4's *State of Confusion* on Thursday. David Hobman, director of Age Concern, adduced that 20 per cent of our old people over 75 suffer from senile dementia, and added that too few of them knew what to do about it.

There were encouraging accounts of the voluntary assistance that seems to be the preferred treatment. "I don't do a lot," one volunteer said. She just called her patient every morning, fixed his dinner, went shopping with him. The programme was followed by a phone-in, rightly left unbroadcast. Tomorrow afternoon, there will be a programme about people who have lost their memories (Radio 4, 3.30), conducted by Prof Anthony Clare.

Compensating a little for the unspeakable *Comedy Playhouse* series, Radio 4's latest Sunday evening serial is not only comic but intellectual. Saturday Keith in Eric Linklater's *Poet's Pub* is a working poet, and some of his guests are a bookish lot. Shame that Elizabeth Proud has only three instalments for her adaptation. The characters seem rather hastily developed; we are never really told why Saturday (Crawford Logan) has his odd name. But there is fun among the good conversation.

The epigraph with which the Radio Times introduced Gerry Jones's *Three-ring Circus* (Radio 3 yesterday) ran: "The world will end up a circus, where the clowns have killed all those who clapped them." This is hardly a novel thought, and Mr Jones's treatment is novel only in having the disaster take place in the mind of a mentally unstable patient.

The clown in his circus is an ex-boxer in love with a high-wire walker of great beauty. Her joy in his attachment makes her overeat until she becomes a Fat Lady, the butt not now of his longings but of his mockery. A fair allegory, of sentimental interest, with Mick Ford and Natasha Pyne playing the couple. Surrounding it, however, is the tale of David (Jim Norton), in whose unsettled mind it takes place, so encapsulating one plain idea in another. Martin Jenkins directed.

B. A. Young

CHESS

IT IS JUST over a century since the first official Steinitz v Zukertort world title match began in New York in January 1886; and the Karpov v Kasparov series which opens at the Park Lane Hotel, London, on July 28 is billed as the centenary championship. Steinitz, the winner, is lionised as one of the great chess thinkers; what about the loser?

Johann Zukertort has had a poor press from writers, alienated by a widely circulated and extravagant account of Z's early life. The boastful list of his accomplishments includes fluency in nine languages.

It seems at least possible that much of Z's spurious life history was simply invented by a reporter eager to make the front page. There is a certain parallel with 1986 where Anatoly Karpov has consistently denied that he instigated or agreed to Campomanes's abortion of the 1984-85 title match when Karpov was one game from victory. Karpov has also had to rebut allegations, apparently supported by Kasparov, that he has taken stimulants during title contests.

The effect of these criticisms on such a high profile, personalised, controversial plane is that Karpov's brilliant and unequalled record of tournament first prizes is incidentally diminished. Zukertort's reputation likewise suffered when Lasker, who beat Steinitz, praised that champion's positional ideas while Reti's influential though simplistic "Modern Ideas in Chess" also described Steinitz as the father of modern strategy.

In fact, Steinitz was stubborn in advocacy of dubious variations like his defence to the Evans Gambit or his King's Gambit with early king moves. Zukertort is widely considered just a good tactician, but the prelude to his celebrated queen sacrifice against Blackburne in 1883 was a central pawn advance backed with a bishop, similiar in concept to the strategy of the modern champion Botvinnik.

Z actually led 4-1 in that 1886 match before he succumbed to insomnia and nervous tension, early symptoms of the stroke which caused his premature death only two years later. In this week's game, Steinitz called his own style "trigger chess," pulling pieces backwards to spring better. But objectively Black's opening is weak, and Zukertort shows deep insight as he controls play by doubled central pawns, then prises open a file with a pawn advance before a double rook mating attack. Apart from Black's early moves, this could easily pass for a GM game of the 1980s.

White: J. H. Zukertort.
Black: W. Steinitz.
Queen's Gambit, Slav Defence (5th match game 1886).

1 P-Q4, P-Q4; 2 P-QB4, P-QB3; 3 N-QB3, N-B3; 4 P-K3, B-B4; 5 PxP, PxP; 6 Q-N3, B-B1; 7 N-B3, P-K3; 8 N-K5, N-B3; 9 B-N5, QB2; 10 B-Q2, B-Q3; 11 P-B4, 0-0; 12 R-QB1.

Black should have played 4 . . . P-K3. Zukertort flexibly delays castling so as to stop . . . N-K5 and force Black to exchange.

12 . . . BxN; 13 BPxB, N-K1; 14 0-0, P-B3; 15 B-Q3; R-B2; 16 Q-B2! P-B4; 17 N-K2, B-Q2; 18 R-B2! R-QB1; 19 B-B3, Q-N3; 20 Q-Q2, N-K2; 21 QR-B1, B-N4; 22 B-N1, Q-R3; 23 P-KN4, P-KN3; 24 P-KR3, R-B2; 25 R-K1, N-N2; 26 N-B4, N-B1; 27 PxP, NPxP; 28 R-N2, K-R1; 29 K-R2, Q-B3; 30 R(1)-N1.

Remember the furore over Kasparov's "mysterious doubled rooks" in game 24 of the 1985 match? Here Zukertort has achieved "mysterious doubling," then switched the rooks effectively to another file.

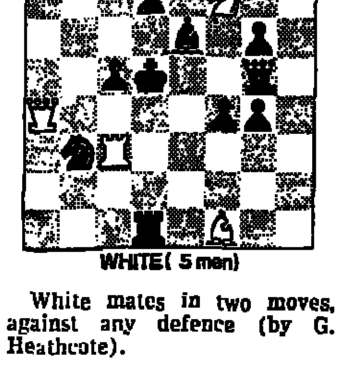
30 . . . N-K2; 31 Q-KB3, Q-K1?

A blunder, but Q-R4 and N-R5 are coming.

32 RxN! Resigns.

PROBLEM No 627

BLACK (10 men)



WHITE (5 men)

White mates in two moves, against any defence (by G. Heathcote).

Solution Page XXII

Leonard Barden

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. FROM CLAUDE TO CERICAULT—The Arts in France 1630-1850, and OLD MASTER PRINTS. Until 25 July. Mon.-Fri. 9.30-5.30; Thurs. until 6.30.

LUMLEY CAZALET, 24, Davies St., W1. 01-499 5058. PICASSO. Images of Women—Lithographs, Etchings and Linocuts. Until 18 July.

MARLBOROUGH, 6, Albemarle St., W1. OSKAR KOKOSCHKA, 1886-1980. Important Works on Paper, 6 June-26 July. Illus. cat. avail. Mon.-Fri. 10-5.30. Sats. 10-12.30. 01-629 5161.

ALLANS—HAND EMBROIDERED SILK PICTURES. See the new "Fragrant Hills" and "Victorian Vignettes" collections and China's fantastic double-sided hand-carved cherry wood free standing frame. Lower Ground Floor of Allans Famous Silk Shop, 56-58, Duke Street, Grosvenor Square, London W1M 6HS. 9-6 Mon.-Fri.; 9-1 Sat.

MATTHIESEN, 7-8 Masons Yard, Duke St., St. James's, SW1. JOHN MILLS PRBS, BAROQUE III: 1620-1700. Until 15 August. Mon.-Fri. 10-6.

KING STREET GALLERIES, 17, King St., St. James's, SW1. Bronze Sculptures and Drawings of Horses and Dancers.

BARKER GALLERY, 12a-12b, Berkeley Street, London W1X 5AD (opposite Mayfair Hotel). 01-499 5906.

WEEKEND FT

Letter from Lyon

A city learning winning ways

I WAS sitting on the terrace of a restaurant in the Place Bellecour in the centre of Lyon last month when France beat Italy in the World Cup.

One moment there was that unexpected breathless quiet that can invade French towns on a hot summer's evening. The next, the city exploded. Crowds emerged from nowhere, drivers blared their horns, flags were draped from windows, and exuberant fans rocked cars caught in traffic jams. The cook in my restaurant abandoned the kitchen and dashed into the street, shouting "On a gagné!"

What further proof could be needed that, in France, excitement over "le foot" drowns all other preoccupations? But Lyon had particular reason to take the match to heart because Italy lies just over the border, and the motorway signs outside the city soon point you in the direction of Turin—the home of Juventus, the club of Michel Platini, the French captain.

If on a clear day you take a lift to the top of the Credit Lyonnais tower, which rises like a giant pencil above Lyon, you see the ridges of the Alps as though they were but a short step away. Over the other side are the Lombardy plains from which the Italian bankers came in the Middle Ages to finance the silk trade of the Lyon region.

Lyon now pushes its claims to be recognised as an international city with dogged determination. While Mr Edouard Balladur the French Finance Minister is limiting the stake that foreigners can hold in newly privatised French companies to 15 per cent, the Lyonnais have been trundling their "second marché" (the unlisted securities market) to Geneva to attract Swiss funds into Lyon-based firms quoted on the second market.

The dream of Mr Jean Carriere, the President of Societe Lyonnaise (the French regional bank based in Lyon) is to link up with Swiss institutions so as to make joint introductions of companies on the Lyon and Geneva stock exchanges. (The problem at the moment is that Geneva does not have an unlisted securities market—which is a feather in the cap for the Lyonnais who like being a step ahead of Geneva.)

Like many Lyonnais, Mr Carriere sees Lyon as being part of a prosperous ring of cities in the heart of Europe that would include Geneva, Turin, Milan and Grenoble. One obstacle at the moment to this ambition is the physical difficulty of getting from Lyon to Geneva. There is no flight because the distance is too small. Trains leave at the wrong times if you want to go there and back in a day, and until the new motorway—which carves spectacularly through the hills of the Haute Savoie — is completed, the journey by car is an exhausting two and a half hours.

Lyon pursues its international ambitions with such determination in part because it has always had such scabby treatment from Paris. During the Revolution, the Committee of Public Safety simply abolished the city in a fit of anger against its conservative bourgeois. The decree has the bluntness of the final solution, giving the city complexes ever since. It read: "Lyon has made war on liberty. Lyon no longer exists."

Among the more noticeable signs of Lyon's growing international character is the increasing number of Japanese. Some are there as tourists and to sample Lyon's food-signs on the motorway herald it as "the gastronomic capital of the world"—but there are a significant number of businessmen.

Mr Alan Payne, the British consul, continues to be disappointed that the number of British businessmen visiting Lyon is not larger. He says they realise that all that is important in France does not take place within the Paris ring road. He could have added that Lyon still pays homage to a distinguished English visitor. A chapel next to the Basilique Notre Dame de Fourviere records that Thomas à Beckett passed through the city on his way to Rome.

David Housego

WHEN THE HISTORY of Wimbledon's 100th championship meeting comes to be written, it will speak of joy rediscovered — joy in the glorious heat-wave, in the cheerful performances of some truly remarkable shot-makers, and in the absence of irritation. Not surprisingly, the public has responded to the mood. With two days to go it seems certain that more than 400,000 spectators will have passed through the turnstyles for the first time when the tournament ends tomorrow.

The heat—up to 116 deg F at its torrid, humid worst (or best if you had a seat in the shade)—seemed to melt the inhibitions and release the free-flowing talents of men such as Henri Leconte, the French "prestidigitateur" (the hand and racquet move too fast to see how the trick was worked), Ramesh Krishnan, whose silky skills reminded us all of Ken Rosewall's thoughtful court craft and piercing backhand (the Master himself was there too, in the over-35 doubles, still looking ridiculously boyish at 51) and Miloslav Mecir, a bearded Yugoslav whose deceptive changes of pace and direction reminded me so much of that elegant Swede of yesteryear, Lennart Bergelin, who later became equally famous as Bjorn Borg's coach.

The women too, have looked more graceful than usual—in victory and defeat. Who could resist 16-year-old Gabriella Sabatini's athletic frame and flashing forehand, or the complete all-court game of today's finalist, Hana Mandlikova, whose form at last seems to be living up to the potential that we all recognised years ago?

To look now at some of those players, and others, in more detail is a pleasure, for the memory of Wimbledon '86 is of courage, skill and a return to good manners. In handing out the accolades the first mention must go to Robert Seguso, the world's No. 1 doubles player of 1985, who on the opening day removed Jimmy Connors, the No. 3 seed.

Tennis

Pleasure principals

The four-set win betokened a new role for Seguso as a singles player, and he will doubtless want to thank his little Australian coach, Bobby Brett, who, having lost John Lloyd as a client, now has a talent equally gifted to mould.

In passing, one should recognise the contribution Connors has made at Wimbledon during the last 15 years. This was the first time that he had lost at the first hurdle and only the second time in 13 years he had failed to reach the quarter finals.

Krishnan's defeat of the No. 6 seed, Joakim Nystrom, was a glorious exhibition of ground stroke control, but in the following round the huge Yugoslav Slobodan Zivojinovic simply overpowered him. It was a case of the broadsword overcoming the rapier. This big, cheerful man brought his own kind of joy to the proceedings, ready to smile in adversity and wave to his growing band of fans in victory. What a coup for Ion Tiriac who manages Zivojinovic as well as Boris Becker.

Another young man who covered himself with glory was Andrew Castle from Taunton, Somerset. How refreshing to praise the exploits of an Englishman at Wimbledon. Yet all who saw the manner of his assault on the No. 2 seed, Mats Wilander, will have felt a glow of patriotic pride as Castle led by two sets to one and was level in the closing stages of the fourth. That he lost that set and the last 6—0, as the energy drained from tired legs was relatively unimportant, for this was only his third ever Grand Prix tournament. His subsequent selection for Davis Cup duty against Australia in two weeks' time was no surprise. Here is a future British No. 1 if ever I saw one—his skills, though, learnt at Wichita University in America. Oh for a similar finishing school here.

This year's Wimbledon has been torrid, cheerful, and low on irritation. John Barrett reports

Apart from tomorrow's finalists, there was one other hero last week. That the rugged young Australian Pat Cash should have played at all was almost a miracle, for he was on the operating table on June 3 and had only then just resumed play after a delicate operation on his back to cure a vertebrae problem that had caused him to give up the game after reaching the doubles final at Wimbledon last year. The way Cash relentlessly applied his power game against the base line skill of Wilander to defeat him in four sets was glorious—a reminder of the last Australian to win at Wimbledon, John Newcombe.

The precocious Miss Sabatini, the youngest semi-finalist this century (only Lottie Dod, who won the first of her five titles in 1887, at the age of 15, was younger) has all the uninhibited skills of a born athlete. She is a winner, too, as her total domination of the junior game in 1984 showed. Since those days her whirling topspin and inclusive forays to the net have alarmed the best players in the world. In a decisive semi-final, Martina Navratilova took no chances as she imposed a 6—2, 6—2 win. Afterwards, she acknowledged that the youngster, along with the equally gifted German 16-year-old Steffi Graf, are the two most likely to displace her and Chris Evert Lloyd from their pedestals.

Finally, with the end in sight, I must pay tribute to the remarkable record of a great champion. Chris Evert Lloyd has competed at Wimbledon for 15 years. In every year but one she has reached the semi-final—surely a record of consistency that may never be surpassed. Furthermore, since I first saw her as a wiry 16-year-old at the US Open at Forest Hills in 1971, she has been in 45 Grand Slam semi-finals and has won at least one of those four prestigious titles in every one of the past 14—the latest being last month's French Open.

Henri Leconte

Rowing

Last of the amateurs

Michael Thompson-Noel looks at a US best-seller that peers into the anomalous world of the men who row for Olympic gold

I ONCE went to Royal Ascot and didn't see a horse—a deprivation that stemmed entirely from the appalling crush of social-climbing rah-rahs whose wont, in highest summer, is to dress in frilly clothes and clutter up the place at Ascot, Goodwood, Wimbledon, Henley and other watering holes.

Eventually, I suppose, the powers that be will sell these institutions to the television stations, public relations firms, and denim-clad youths of the advertising business, who will convert them, with alacrity, into even brassier versions of the marketing rock follies they have almost become.

That wouldn't disturb the tennis players, who are cocooned (at least a few of them), by improbable luxury. Nor would it frighten the horses, whose brainpower is minimal and who will run until their hearts burst so long as they get their oats. Least of all would it worry the rowers, who inhabit an anomalous hermetically-sealed 19th century micro-world that bears almost no relation to the hucksterism and affluence of modern commercialised sport.

Top rowers exercise for as many as 800 hours a year and practise, hands-on-oars, for as many as 500 hours a year, yet in a given year may race for perhaps a total of 130 minutes.

Oarsmen are almost always individualistic and exceedingly compulsive Type A personalities. They are ferociously competitive and undergo extravagant pain, both physical and psychological.

In return for all this they enjoy almost no tangible reward. While bastions of amateurism such as track and field continue to fall—millionaire athletes are now a commonplace—the world of rowing, particularly of single-scull rowing, remains a citadel of the true amateur, however involuntarily.

The reason for this is not hard to find, says David Halberstam, a Pulitzer Prize-winner (for his reporting from Vietnam), who wanted to write a book about old-fashioned amateurs: men whose pursuit of excellence is an end in itself.

His search took him to rowing. In The Amateurs, whose UK publication is on Monday, Halberstam explains that in the United States, as elsewhere, rowing in no way benefited from the extraordinary growth of sports, both amateur and professional, caused by the coming of television.

The camera likes power exhibited openly. Besides, it likes to focus on individuals, and rowing, invariably, is a sport without faces.

That is no longer quite true, for in producing his classic, Halberstam tracked the struggles of four very different rowers—Tiff Wood, John Biglow, Brad Lewis and Joe Bouscaren—as they lived out their obsession of becoming the US representative in the 1984 Olympic single sculls.

One of the climaxes of the book comes when Lewis and another rower, Paul Enquist, win the Olympic double sculls after a titanic struggle with the Belgians. "With 20 strokes left in the race, the American double pulled ahead. 'We've got them,' Lewis said. 'Real nice, real pretty now.' He did not want either of them to blow the race by overreaching when they already had it won. They won by 1.5 seconds. He and Enquist had medalled, a dream fulfilled. More than that, they had won the gold."

They are all heroes in this book.

The Amateurs, by David Halberstam, Hodder & Stoughton, £9.95.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1
8.30 am The Saturday Picture Show. 10.55 Grandstand featuring 1.05 pm News; Wimbledon Lawn Tennis Championships (Ladies' Singles Final); Cricket: Third Test England v India. 5.55 News. 6.05 Regional Programmes. 6.10 Sorry! 6.40 Film: "North West Frontier," starring Kenneth More and Lauren Bacall. 8.45 The Bob Monkhouse Show. 9.25 News and Sport. 9.40 Athletics from Oslo: The Bislett Games. 10.25 Cagney and Lacey. 11.15 Wimbledon '86 highlights. 12.15 am Cricket highlights.

BBC 2
1.50 pm Cricket: Third Test and Wimbledon. 7.45 Newsview. 8.25 Zubin Mehta Masterclass. 9.25 Film: "The Searchers" (John Wayne stars). 11.20-12.40 am Film: "The Giant Spider Invasion" (Barbara Hale and Steve Brodie stars).

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Get Fresh! 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. 1.00 "Airport," starring Burt Lancaster, Dean Martin, Jean Seberg, Jacqueline Bisset. 3.20 "Georgie and Mildred" starring Yootha Joyce and Brian Murphy. 5.00 News. 5.05 John Silver's Return to Treasure Island. 7.00 All Cricket and Wallies. 8.00 Murder, Mystery, Suspense: "Terror on the 40th Floor" starring John Forsythe and Joseph Campanella (part one). 9.00 News and Sport. 9.15 Murder, Mystery, Suspense: "Terror on the 40th Floor" (part two). 10.05 Athletics—The Dream Mile live from Oslo. 10.30 Mog. 11.00 LWT News Headlines followed by Kojak. 11.50 Peterborough Festival.

1.15 am Adventure au Cervin. 2.05 Night Thoughts.

CHANNEL 4
1.45 pm Channel 4 Racing from Sandown. 13.20 "I Didn't Do It" (George Formby stars). 6.05 Brookside. Omnibus. 6.00 Right to Reply. 6.30 1986 Tour De France. 7.00 News Summary followed by The Sons of Abraham. 7.30 People to People: Caught in a Web. 8.30 Eurotube 86 (a special five-hour edition of The Tube live throughout Europe).

S4C
1.45 pm Racing from Sandown. 13.20 Feature Film: "The Vicar of Bray" starring Stanley Holloway. 4.30 Sheepman at Eisteddfod. 5.30 Marco Polo. 6.30 1986 Tour De France. 7.00 Newyddion. 7.10 Pwy sy'n Perthyn? 7.40 Cwestiwn Gai. 8.30 Eurotube—Music has no Frontiers.

IBA Regions as London except at the following times:

ANGLIA
8.00 pm T. J. Hooker. 9.15 Athletics (The Bislett Games from Oslo. 11.00 Film: "The Odd Job" starring Graham Chapman. 12.35 am At The End of The Day.

BORDER
8.00 pm Hunter. 9.15 Athletics (The Bislett Games from Oslo featuring the Dream Mile). 11.00 Hammer House of Mystery and Suspense.

CENTRAL
8.00 pm Minder 9.15 Athletics: Bislett Games from Oslo. 11.00 Movie of the Week: "The Blues Brothers," starring John Belushi and Dan Aykroyd. 1.25 am Closedown followed by Central Jobfinder (programme with the latest job vacancies, plus advice for the unemployed in the Central area).

CHANNEL
11.59 am Today's Weather. 13.20 Agatha Christie's "Murder She Said." 8.00 Hunter. 9.15 Athletics. 11.00 Kojak. 12.00 Johnny Cash in San Quentin.

GRAMPIAN
8.00 pm T. J. Hooker. 9.15 Athletics—The Bislett Games. 11.00 Feature Film—"The Last Remake of Beau Geste" (Ann-Margret, Michael York and Marty Feldman star). 12.30 Cricket Results followed by Reflections.

GRANADA
3.20 pm Agatha Christie's "Murder, She Said," starring Margaret Rutherford, Arthur Kennedy, Muriel Pavlow. 8.00 Hunter. 9.15 Athletics: The Bislett Games from Oslo. 11.00 "The Battle of Neretva," starring Yul Brynner, Hardy Kruger, Orson Welles, Franco Nero.

HTV
11.58 am HTV News. 1.00 pm "The Blue Max," starring George Peppard, James Mason and Ursula Andress. 3.45 Hear the Blues Introduced by Memphis Slim. 4.30 Chorus Line—From Stage to Screen. 11.00 "That Summer!" starring Ray Winstone, Tony London, Emily Moore and Julie Shipley.

SCOTTISH
13.15 pm Agatha Christie's "Murder, She Said," starring Margaret Rutherford, James Robertson Justice, Arthur Kennedy and Muriel Pavlow. 8.00 Airwolf. 11.00 Late Call. 11.05 Jessie.

TSW
11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 1.00 pm Fisheries News. 1.10 Saturday Matinee: "The Snows of Kilimanjaro," starring Gregory Peck, Susan Hayward and Ava Gardner. 5.05 TSW News. 5.07 John Silver's Return to Treasure Island. 8.00 Hunter. 9.15 Athletics: The Bislett Games from Oslo. 11.00 Cats Eyes. 12.00 Rock of the 70's (Curved Air). 12.35 am Postscript.

TVS
11.57 am TVS Weather. 13.20 pm Agatha Christie's "Murder, She Said" starring Margaret Rutherford and Arthur Kennedy. 8.00 Hunter. 9.15 Athletics—The Bislett Games from Oslo. 11.00 Kojak. 12.00 Johnny Cash in San Quentin. 1.00 am Company.

TYNE TEES
3.20 pm The Return of the Beverly Hillbillies (feature-length TV movie with Buddy Ebsen, Nancy Kulp and Donna Douglas). 8.00 T. J. Hooker. 9.15 Athletics (The Bislett Games). 11.00 Hammer House of Mystery and Suspense. 12.30 am Poetry of the People.

ULSTER
11.58 am Lunchtime News. 3.20 pm Saturday Matinee: "Jacqueline," starring John Gregson, Kathleen Ryan, Richard O'Sullivan and Jacqueline Ryan. 5.03 Ulster News. 8.00 Hunter. 9.12 Ulster News. 9.15 Athletics: The Bislett Games from Oslo. 11.00 Doug Henning's Magic on Broadway. 11.50 Sports Results. 11.55 Guess Who's Coming to Dinner? 12.20 am News at Bedtime.

YORKSHIRE
13.20 pm Agatha Christie's "Murder She Said," starring Margaret Rutherford with James Robertson Justice, Charles Tingwell and Muriel Pavlow. 8.00 Hart to Hart. 9.15 Athletics: The Bislett Games from Oslo. 11.00 "The Smashing Bird I Used to Know" starring Dennis Waterman, Patrick Mower and Renee Asherson.

(S) Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Barrymore Plus Four. 1.30 Wimbledon 86 (Ladies' Singles Final); Cricket (Third Cornhill Test, England v India); Racing from Sandown Park at 2.55; also latest cycling news from the Tour de France, golf from the French Open and final practice of the French Motor Racing and the Belgian Motorcycling Grand Prix. 7.00 Three in a Row. 7.30 Gala Concert from Bexhill (S). 9.30 String Sound (S). 10.05 Athletics: The Bislett Games. 10.30 Martin Kelner (S) (joining VHF). 12.05 am Night Owls with Dave Gelly (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Stereo Release. 10.20 Orchestral Handel. 10.55 Gagliano Trio. 11.25 Royal Liverpool Philharmonic Orchestra. 1.00 pm News. 1.05 London Baroque. (1.40-1.45 Interval Reading.) 2.20 Swedish Choral Music. 3.00 English Chamber Orchestra, with Rudolf Serkin (piano): March K 335/1 and Six German Dances K571 with Piano Concertos Nos. 12 and 20 (mono). 4.25 Equale Brass. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Music for Organ. 7.10 Elizabeth Gale and Martin Isepp song recital: Schubert, Wolf, Debusy. 8.00 Cheltenham Festival 1986. BBC Philharmonic Orchestra conducted by Bernhard Klee and Alun Hoddinott, with the Stuttgart Piano Trio (live relay), part 1: Weber (Overture: Der Freischutz), Hoddinott (Triple Concerto). 8.40 The Old Age of My Youth. 9.0 Concert, part 2: Bruckner (Symphony No. 9). 10.10 Shell of Surpassing Brightness. 10.40 Langham Chamber Orchestra: Cimarosa, David Diamond, Haydn. 11.25 Bach on the Lute. 11.57-12.00 News.

Medium wave as vhf above except: 10.55 am-6.30 pm Test Match Special. England v India at Edgbaston (3rd day).

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm from the Royal Show at Stoneleigh in Warwickshire. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster with Peter Kellner of the New Statesman. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News; Culinary Characters. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shiping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel; International Assignment.

4.00 The Saturday Feature: His Shroud The Snow. 4.45 Feedback. Christopher Dunkley follows up listeners' comments on the BBC. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Good Book. 11.00 Science Now. 11.30 Don't Stop Now—It's Fundation (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Knock Knock. 9.30 This is the day. 10.00 Asian Magazine. 10.30 The Great Palace: The Story of Parliament. 11.20 Cameo. 11.30 Seabrook's Year. 12.00 Cartoon. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News. 1.00 News Headlines. 1.05 Bonanza.

1.55 Bugs Bunny. 2.00 Eastenders. 3.00 Film: "Tiara Tahiti," starring John Mills and James Mason. 4.35 Rolf Harris Cartoon Time. 5.05 Great Railway Journeys of the World. 6.05 Wild Britain. 6.30 News. 6.40 Home on Sunday. 7.15 Film: "A Deadly Puzzle." 8.50 News; Weather News. 9.05 That's Life. 9.50 Wimbledon highlights. 10.50 Choices. 11.30 Favourite Walks.

BBC 2
1.45 pm Sunday Grandstand, including Wimbledon Men's Final and Motor Racing (French Grand Prix). 6.50 Foley Square. 7.15 The World About Us: Cowgirls. 8.05 Favourite Things. 8.35 Dancemakers. 9.20 Grand Prix. 9.50 The AFI Salute to John Huston. 11.05-12.50 am Film: "The Maltese Falcon," starring Humphrey Bogart, with Mary Astor, Peter Lorre, Sydney Greenstreet.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Live and Learn. 12.00 Jobwatch. 12.30 pm Take 30. 1.00 Police 5. 1.10 The Smurfs. 1.30 Revelations. 2.00 Survival of the Fittest. 2.30 LWT News Headlines followed by "Arabesque," starring Gregory Peck, Sophia Loren and Alan Badel. 4.30 The Campbells. 5.00 Albion Market. 6.00 Now You See It. 6.30 News. 6.40 Appeal—Julian Pettifer on behalf of the British Leprosy Relief Association. 6.45 Highway. 7.15 Winner Takes All. 7.45 Return to Eden. 9.35 News. 9.50 The Real World. 10.20 The Jimmy Young Television Programme. 11.10 LWT News Headlines, followed by The Irish RM. 12.05 am Night Thoughts.

CHANNEL 4
1.05 pm Irish Angle presents Patterns. 1.35 Model Magic. 2.00 Kids' Kate. †2.30 "Victoria The Great" (Anna Neagle stars with Anton Walbrook). 4.45 Durrell in Russia. 5.15 News Summary, followed by Wall Of Light. 6.15 1986 Tour De France. 7.15 The Arabs. 8.15 People to People presents Caught in a Web. 9.15 Picturing Women—the Lives of Lee Miller. †10.20 "Saboteur," starring Robert Cummings, Otto Kruger and Norman Lloyd.

S4C WALES
2.05 pm Gardeners' Calendar. 2.30 Up and Coming. 13.00 Feature Film: "Music For Millions," starring Margaret O'Brien, June Allyson, Jose Iturbi and Jimmy Durante. 5.15 Top Hat To Handle? 6.15 1986 Tour De France. 7.20 Newyddion. 7.30 Margaret Williams. 8.10 Byw a Bod. 9.00 Cymanfa Ganu. 9.45 Feature Film: "Above Us The Waves," starring John Mills, John Gregson, Donald Sinden and James Robertson Justice.

IBA Regions as London except at the following times:

ANGLIA
9.30 am First Sunday. 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Revelations. 2.30 Sunday Cinema: "The Long Ships." 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.05 The New Avengers. 12.05 am And Finally. 12.35 The Gospel Truth.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm The Prizewinners. 1.30 Farming Outlook. 2.00 Revelations. 2.30 Front Page presents the Guinness Book of Records. 3.30 The Love Boat. 4.30 The Human Monsters. 5.00 The Campbells. 5.30 Look Who's Talking. 6.00 Albion Market. 11.05 I Hear the Blues.

CENTRAL
9.25 am Adventures of the Blue Knight. 9.35 Jayce and the Wheeled Warriors. 1.00 Revelations. 1.30 The Duke Lives On; John Wayne. 2.30 The Duke Lives On. 5.20 The Legend Of The Pink Huckleberry. 5.30 The Campbells. 6.00 Albion Market. 11.05 Crime Inc. 12.05 am Closedown, followed by Central Jobfinder.

Jeffrey Archer (right): Favourite Things, BBC 2

CHANNEL
9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez-vous. 1.00 pm That's Gardening. 1.30 Candid Camera. 2.00 Revelations. 2.30 The Sunday Matinee: "Kidnapped." 4.25 Puffin's Pla(i)ce. 4.30 The Campbells. 11.05 A Full Life. 11.35 Jazz.

GRAMPIAN
9.25 am Max the 2000 Year Old Mouse. 9.35 Sesame Street. 10.30 The Smurfs. 1.00 pm Farming Outlook. 1.30 The Spice of Life. 2.00 Revelations. 2.30 Feature Film: "Beau Brummell," starring Stewart Granger, Elizabeth Taylor and Peter Ustinov. 5.00 Survival. 5.30 Now You See It. 6.00 Albion Market. 11.05 The World of James Mulioner. 12.15 am Reflections.

GRANADA
9.25 am Max, the 2000 Year Old Mouse. 9.35 California Highways. 11.2 Aap Kaa Hak. 11.30 This is Your Right. 1.00 pm Revelations. 1.30 Candid Camera. 2.00 Classic Cinema: "Romeo and Juliet," starring Leonard Whiting, Olivia Hussey. 5.00 Murder, She Wrote. 6.00 Albion Market. 11.05 The Late Film: "What's a Nice Girl Like You . . . ?," starring Edmond O'Brien, Vincent Price.

HTV
9.25 am Max, the 2000 Year Old Mouse. 9.35 Robostory. 1.00 pm Gardening Time. 1.30 Farming Wales followed by Weather for Farmers. 2.00 Revelations. 12.30 The Sunday Matinee: "Guns at Batasi." 5.00 That's My Boy. 5.30 Now You See It. 6.00 Albion Market. 11.05 Late Call. 11.10 Don't Knock the Rock.

SCOTTISH
9.25 am Foo Foo. 9.30 Farming Outlook. 10.00 Revelations. 10.30 The Smurfs. 1.00 pm Fireball XL5. 1.30 Contrast. 2.00 Talkback. 2.30 The Fall Guy. 3.30 That's My Boy. 4.00 Now You See It. 5.00 Chips. 6.00 Albion Market. 11.05 Late Call. 11.10 Don't Knock the Rock.

TSW
9.25 am Link followed by South West Link. 11.25 Look and See. 11.30 The South West Week. 1.00 pm The Protectors. 1.30 Farming News. 2.00 Revelations. 2.30 The Stewart Granger Season: "North to Alaska." 4.27 Gus Honeybun's Magic Birthdays. 4.30 Gardens For All. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.06 The Duck Factory. 11.35 That's Hollywood. 11.56 Postscript Postbag.

TVS
9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 Candid Camera. 2.00 Revelations. 2.30 The Sunday Matinee: "Kidnapped," starring Michael Caine and Lawrence Douglas. 4.25 TVS News. 11.15 A Full Life. 11.45 Jazz (Les McCann). 12.15 am Company.

TYNE TEES
9.25 am Morning Glory. 9.35 Gather Your Dreams. 11.25 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Northern Life—Sunday Edition. 2.00 Revelations. 2.30 "Showboat," starring Howard Keel, Kathryn Grayson, Ava Gardner and Agnes Moorehead. 4.25 Regional News. 5.00 Chips. 6.00 Albion Market. 11.05 International Entertainers (Sacha Distel and Clarence "Frogman" Henry). 12.05 am Epilogue.

YORKSHIRE
9.30 am Link. 1.00 pm The Baron. 2.00 Revelations. 2.30 Sunday Cinema: "True Grit," starring John Wayne with Kim Darby and Glen Campbell. 4.50 Cartoon Time. 5.00 The Campbells. 5.30 Mr and Mrs. 6.00 Albion Market. 11.05 "The Hound of the Baskervilles," starring Peter Cook and Dudley Moore. 12.40 am Five Minutes.

(S) Stereo on VHF

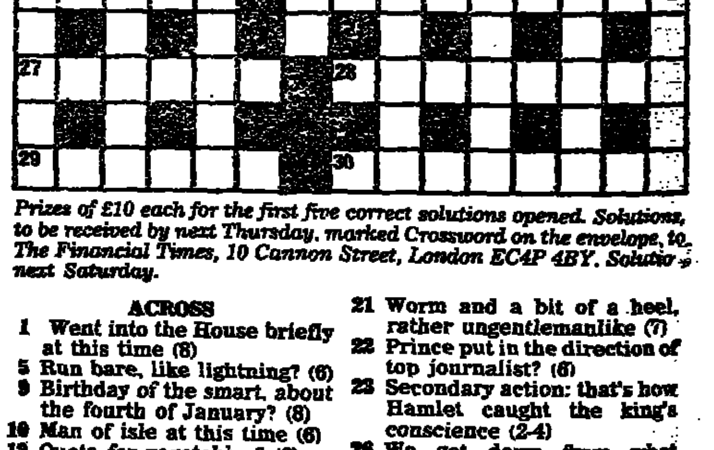
BBC RADIO 3
7.00 am News. 7.05 Occasional Mozart. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Hermann Prey and Leonard Hokanson. 12.15 pm Halle Orchestra, Part 1: Dutilleux (Metaboles) and Tchaikovsky (Piano Concerto No 1, with Mikhail Rudy). 1.10 Letter From Budapest by ex-patriate Hungarian poet George Szirtes. 1.30 Concert, Part 2: Roussel (Symphony No 3). 2.00 "Tasso," Handel's opera sung in Italian in a studio production with the Boston Early Music Festival Chorus and Orchestra Acts 1, 2 and 3. 3.45 The Old Age of My Youth. 4.00 "Tasso," Acts 4 and 5. 5.15 New Premises. 6.00 Liszt and the Piano. 7.00 Panocha String Quartet. Haydn (Op 33 No 5). Martinu (No 5) and Dvorak (Op 106). (7.40-7.45 Interval Reading). 8.25 Swedish Radio Symphony Orchestra: Lidholm (Greetings from an old world), Beethoven (Piano Concerto No 3, with Mitsuko Ushida). (9.20 Interval Reading). 9.25 Mahler (Symphony No 1). 10.30 Settings of George Herbert. 11.00 Sterndale Bennett. 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Terry Wogan talks for the Week's Good Cause about Arthritis Care. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service from St Joseph's Church, Cumbernauld. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Classic Serial (S). 3.30 Lost Memories. 4.00 News; The Food Programme. 4.30 The Natural History Programme.

5.00 News. 5.05 Down Your Way visits the Ulster Folk and Transport Museum at Hollywood, County Down, in Northern Ireland. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Poet's Pub (S). 8.00 Bookshelf. 8.30 The Music Makers. Edward Seckerson meets Sarah Walker (S). 9.00 News; A Word in Edgeways. Brian Redhead and guests in conversation: feminism in the 1990s. 9.30 Law in Action. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: Jesus Came to Ding Dong (S). 11.00 Before the Ending of the Day (S). 11.15 In Committee. 12.00-12.15 am News.

F.T. CROSSWORD PUZZLE No. 6,065

CINEPHILE

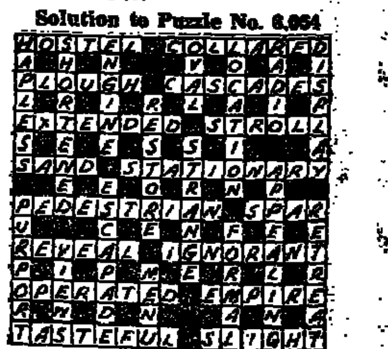


Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

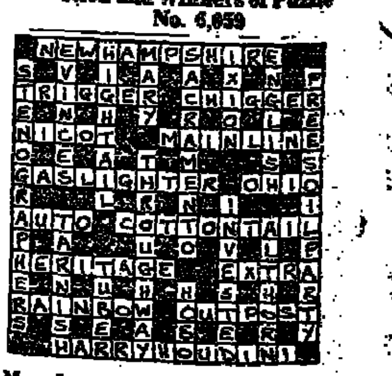
ACROSS
1 Went into the House briefly at this time (8)
5 Run bare, like lightning? (6)
9 Birthday of the smart, about the fourth of January? (8)
10 Man of isle at this time (6)
12 Quota for vegetables? (9)
13 Spelt with two Rs, it may be feared (5)
14 Walk badly, being feeble (4)
16 A theologian in the valley will bring happiness (7)
19 Set used in river at this time (7)
21 Warming drink? (4)
24 Cooling food? (5)
25 Went to the altar briefly at this time (9)
27 Operated by dynamo at this time (6)
28 It's lucky it may have a grub in it! (8)
29 Tell a story about the deceased? (6)
30 Change of duty, rash at this time (8)
21 Worm and a bit of a heel, rather ungentlemanlike (7)
22 Prince put in the direction of top journalist? (6)
23 Secondary action: that's how Hamlet caught the king's conscience (2-4)
26 We get down from what might sound like a classical mount (5)

DOWN
1 Talk about conjunction in Germany at this time (6)
2 Small amount of gossip, part I? (6)
3 Nail for the attention? (5)
4 Port is an object of scorn (7)
6 What to do with a minnow that has reverted? (9)
7 Fabulous city must be differently led, or trouble will follow (8)
8 Architectural term for the Sound of Music? (8)
11 Party with horns (4)
15 Incomplete shade has Northern insect up in arms (9)
17 Mister—Mr., it could be written—Gardener's tool (8)
18 Spread over area No. 1 up in King's? (8)
20 Boat to go off course to the left? (4)

Solution to Puzzle No. 6,064



Solution and Winners of Puzzle No. 6,059



Mr Ian Buckley, Stockport, Cheshire; Mrs E. Morrison, Onich, Inverness-shire; Mr G. Lancaster, Leeds; Mr F. S. Sapsford, Pickering, N Yorkshire; Miss A. M. Treacher, Peterborough, Cambs.

Solution to Chess No 627

1 R-K3 (threat 2 Q-K4), PxB; 2 B-N2, or if R-Q5; or if N-Q5; 2 B-B4, or if N-Q7; 2 R-Q3, or if B-B4; 2 R-K5, or if BxN; 2 QxQP, or if P-B5; 2 QxBP.